

12-1-2001

## Business Outlook, Vol. 17, No. 4, December 2001

Follow this and additional works at: [https://research.upjohn.org/bus\\_outlook](https://research.upjohn.org/bus_outlook)

---

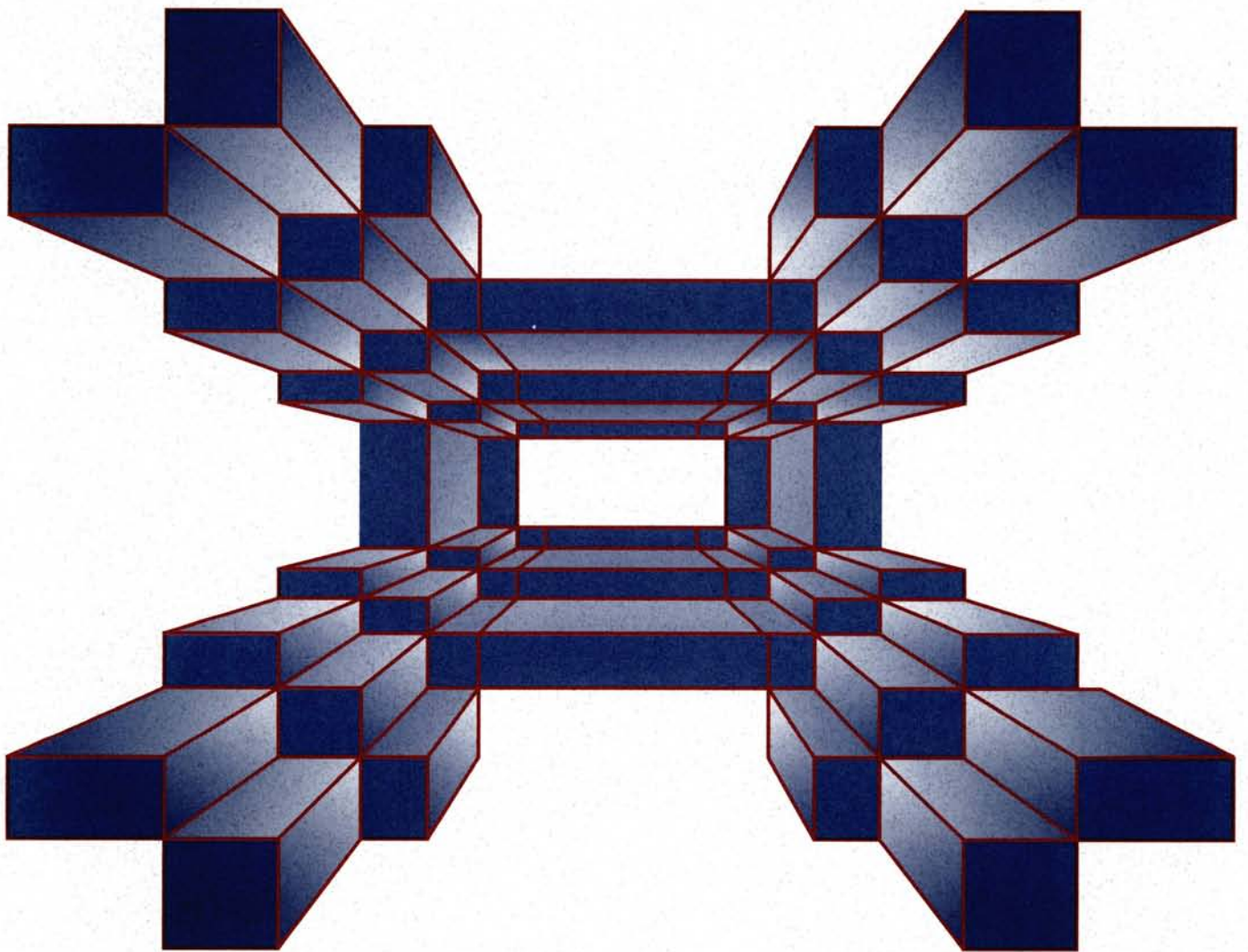
### Citation

W.E. Upjohn Institute. 2001. Business Outlook for West Michigan 17(4).  
[https://research.upjohn.org/bus\\_outlook/vol17/iss4/1](https://research.upjohn.org/bus_outlook/vol17/iss4/1)

This title is brought to you by the Upjohn Institute. For more information, please contact [repository@upjohn.org](mailto:repository@upjohn.org).

# BUSINESS OUTLOOK

## for West Michigan



# **W.E. UPJOHN INSTITUTE for Employment Research**

---

## **Board of Trustees of the W.E. Upjohn Unemployment Trustee Corporation**

Preston S. Parish, *Chairman*

Ray T. Parfet, Jr. *Vice Chairman*

Marilyn J. Schlack, *Secretary-Treasurer*

James F. Jones, Jr.

Thomas W. Lambert

Donald R. Parfet

William C. Richardson

Paul H. Todd

Amanda Van Dusen

---

Randall W. Eberts, *Executive Director*  
W.E. Upjohn Institute for Employment Research

---

*BUSINESS OUTLOOK for West Michigan* is published four times a year by the W.E. Upjohn Institute for Employment Research. The Institute, a non-profit research organization, is an activity of the W.E. Upjohn Unemployment Trustee Corporation, which was formed in 1932 for the purpose of conducting research into the causes and effects of unemployment and measures for the alleviation of unemployment.

# BUSINESS OUTLOOK

## for West Michigan

---

George A. Erickcek  
*Senior Regional Analyst*

David E. Nadziejka  
*Managing Editor*

Allison H. Colosky  
*Assistant Editor*

Natalie M. Lagoni  
*Production Coordinator*

Jason M. Preuss  
*Senior Research Assistant*

Elizabeth T. Wertz  
*Administrative Assistant*

Vol. XVII, No. 4  
December 2001

W.E. UPJOHN INSTITUTE for Employment Research



## Contents

West Michigan Viewpoint	1
National Economy	4
Regional Economy	6
State of Michigan	8
West Michigan Economy	10
Benton Harbor MSA	14
Grand Rapids-Muskegon-Holland MSA	16
Kalamazoo-Battle Creek MSA	20
Appendix Tables	
• Labor Market Conditions	24
• Benton Harbor MSA	25
• Grand Rapids-Muskegon-Holland MSA	26
• Kalamazoo-Battle Creek MSA	27
• Personal Income and Earnings by Industry	28
• Consumer Price Index	29
• Population Update for Selected Areas	30

Visit our Web site: [www.upjohninst.org](http://www.upjohninst.org)

We gratefully acknowledge the following organizations  
as sponsors of *Business Outlook*



# WEST MICHIGAN VIEWPOINT

## Ranking Metropolitan Areas: An Attempt to Compare Apples to Apples

Approximately every six months, a study is released that offers a new ranking of the nation's metropolitan statistical areas (MSAs). These studies often make the headlines, with the winners boasting that "it is about time" that their areas got the recognition they deserve, while the losers quickly proclaim that the studies are hopelessly flawed. Each study uses a different set of factors to determine which metropolitan areas are the "best," and seldom do the studies reach the same conclusions. Of course, this is not surprising, since the goals of the studies are often different: some attempt to identify the best areas to live in, while others try to identify the most productive or fastest-growing areas.

The usefulness of such studies is severely limited not only by their diversity of goals, but also because they do not account for differences in the economic bases of the ranked areas. For example, a ranking of metropolitan areas which includes Boston, Boulder, New Orleans, and San Francisco is not very useful for policymakers in Grand Rapids, because these MSAs do not share Grand Rapids' manufacturing economic base. A metropolitan area's future is crucially tied to its current economic base. This does not mean that because an area was once a manufacturing center, it must always

remain a manufacturing area to be successful; Pittsburgh is a case in point. But, for studies to be most useful to local economic development decision makers, they should only include areas that shared the same economic base at the start of the study period. Studies having such common bases can highlight areas that have performed better than their cohorts. With these results, economic researchers can focus their attention on identifying the factors or strategies behind the success of certain areas and determine if any of these factors or strategies can be transferred to other areas.

What follows is an example of a fairly simple methodology which controls for areas' economic bases in identifying the top performers. With west Michigan being highly concentrated in manufacturing, that is the obvious economic base to use in this example. However, the same methodology could be applied to other areas that share economic bases such as tourism, government, or services. I use 1990 as the baseline in this brief analysis to identify the better-performing manufacturing metropolitan areas during the 1990s.

Table 1 lists the 50 MSAs with the highest concentration of manufacturing activity in the nation as of 1990. The areas

**Table 1**  
**The 50 Metropolitan Areas Having the Highest Manufacturing Location Quotient in 1990**

Rank	Metropolitan area	Location quotient	Rank	Metropolitan area	Location quotient
1	Kokomo, Ind. (MSA)	3.03	11	Mansfield, Ohio (MSA)	2.18
2	Elkhart-Goshen, Ind. (MSA)	2.92	12	Saginaw-Bay City-Midland, Mich. (MSA)	2.17
3	Hickory-Morganton-Lenoir, N.C. (MSA)	2.53	13	Appleton-Oshkosh-Neenah, Wis. (MSA)	2.11
4	Steubenville, Ohio/Weirton, W. Va. (MSA)	2.51	14	Danville, Va. (MSA)	2.08
5	Sheboygan, Wis. (MSA)	2.45	15	Binghamton, N.Y. (MSA)	2.01
6	Flint, Mich. (PMSA)	2.40	<b>16</b>	<b>Benton Harbor, Mich. (MSA)</b>	<b>2.01</b>
7	Racine, Wis. (PMSA)	2.32	17	Brazoria, Tex. (PMSA)	1.97
8	Rockford, Ill. (MSA)	2.29	18	Dutchess County, N.Y. (PMSA)	1.95
9	Lima, Ohio (MSA)	2.20	19	Decatur, Ala. (MSA)	1.95
10	Janesville-Beloit, Wis. (MSA)	2.18			

(continued)



Table 1 (continued)

Rank	Metropolitan area	Location quotient	Rank	Metropolitan area	Location quotient
20	Johnson City-Kingsport-Bristol, Tenn./Va. (MSA)	1.95	36	Peoria-Pekin, Ill. (MSA)	1.79
21	Sherman-Denison, Tex. (MSA)	1.94	37	Greenville-Spartanburg-Anderson, S.C. (MSA)	1.76
22	Rochester, N.Y. (MSA)	1.94	38	Kenosha, Wis. (PMSA)	1.74
23	Lynchburg, Va. (MSA)	1.93	39	Parkersburg, W.Va./Marietta, Ohio (MSA)	1.73
24	Dubuque, Iowa (MSA)	1.92	40	Lancaster, Pa. (MSA)	1.71
<b>25</b>	<b>Kalamazoo-Battle Creek, Mich. (MSA)</b>	<b>1.90</b>	41	Reading, Pa. (MSA)	1.71
26	Decatur, Ill. (MSA)	1.90	42	Rocky Mount, N.C. (MSA)	1.69
27	Erie, Pa. (MSA)	1.90	43	Fort Smith, Ark./Okla. (MSA)	1.69
28	Waterloo-Cedar Falls, Iowa (MSA)	1.90	44	Hamilton-Middletown, Ohio (PMSA)	1.68
<b>29</b>	<b>Grand Rapids-Muskegon-Holland, Mich. (MSA)</b>	<b>1.88</b>	45	Wichita, Kan. (MSA)	1.67
30	Youngstown-Warren, Ohio (MSA)	1.88	46	Greensboro-Winston-Salem-High Point, N.C. (MSA)	1.67
31	York, Pa. (MSA)	1.87	47	Jamestown, N.Y. (MSA)	1.67
32	Canton-Massillon, Ohio (MSA)	1.84	48	Wausau, Wis. (MSA)	1.67
33	Gadsden, Ala. (MSA)	1.81	49	Wilmington-Newark, Del./Md. (PMSA)	1.67
34	Fort Wayne, Ind. (MSA)	1.81	50	Sharon, Pa. (MSA)	1.66
35	Gary, Ind. (PMSA)	1.80			

NOTE: "PMSA" means Primary Metropolitan Statistical Area, indicating an area that is part of a larger metropolitan region.

are identified using *location quotients*, which are defined as the area's manufacturing percentage of its total earnings divided by the same percentage for the nation. If an area has a location quotient of 1, then the percentage of its earnings generated in manufacturing matches that of the United States. In Kokomo, Indiana, manufacturing's percentage share of the area's total earnings is more than three times greater than the nation's. All three of the west Michigan MSAs are listed: Benton Harbor is ranked 16th; Kalamazoo-Battle Creek, 25th, and the Grand Rapids-Muskegon-Holland MSA takes the 29th spot.

The next step is to identify the best performers from 1990 to 1999. Unfortunately, the more direct measures—that is, the strongest employment or earnings growth—are inadequate because they do not control for the industrial mix of the area's economic base. Some metropolitan areas are fortunate because their larger firms are in fast-growing national industries. An area's firms could be among the weaker performers in these industries, but as long as these industries grew rapidly in the 1990s, chances are that the area would

simply enjoy the ride. In other words, these MSAs can take little credit for their growth during the 1990s, except for having the right set of industries.

The key is to identify those areas that performed better than expected in the last decade given the set of industries they had in 1990. In these areas, firms outperformed their industry rivals. It is possible that the areas' industrial mix of industries was composed largely of industries that performed poorly during the 1990s, yet the areas' firms in these sagging industries took market share from their competitors. In these highly competitive areas, the local economic development community can take more of the credit for the areas' success.

Using a statistical technique called "shift-share," we identify the most competitive manufacturing MSAs in the nation from 1990 to 1999 (Table 2).<sup>1</sup> Again, this list controls for the industrial mix of the areas as of 1990. The Grand Rapids-Muskegon-Holland MSA tops the list. The Benton Harbor MSA ranks 16th, and the Kalamazoo-Battle Creek MSA is in the 43rd spot.

Table 2

## Ranking of the Most Competitive Manufacturing MSAs in the United States

Rank	Metropolitan area	Rank	Metropolitan area
1	<b>Grand Rapids-Muskegon-Holland, Mich. (MSA)</b>	26	Racine, Wis. (PMSA)
2	Hamilton-Middletown, Ohio (PMSA)	27	Rockford, Ill. (MSA)
3	Appleton-Oshkosh-Neenah, Wis. (MSA)	28	Waterloo-Cedar Falls, Iowa (MSA)
4	Elkhart-Goshen, Ind. (MSA)	29	Fort Wayne, Ind. (MSA)
5	Greenville-Spartanburg-Anderson, S.C. (MSA)	30	Parkersburg, W.Va./Marietta, Ohio (MSA)
6	Kenosha, Wis. (PMSA)	31	Brazoria, Tex. (PMSA)
7	Wausau, Wis. (MSA)	32	Lima, Ohio (MSA)
8	Fort Smith, Ark./Okla. (MSA)	33	Jamestown, N.Y. (MSA)
9	Sheboygan, Wis. (MSA)	34	Peoria-Pekin, Ill. (MSA)
10	Kokomo, Ind. (MSA)	35	Mansfield, Ohio (MSA)
11	Decatur, Ala. (MSA)	36	Lancaster, Pa. (MSA)
12	Janesville-Beloit, Wis. (MSA)	37	Erie, Pa. (MSA)
13	Sherman-Denison, Tex. (MSA)	38	Saginaw-Bay City-Midland, Mich. (MSA)
14	Greensboro-Winston-Salem-High Point, N.C. (MSA)	39	York, Pa. (MSA)
15	Dubuque, Iowa (MSA)	40	Canton-Massillon, Ohio (MSA)
16	<b>Benton Harbor, Mich. (MSA)</b>	41	Steubenville, W.Va./Weirton, Ohio (MSA)
17	Wichita, Kan. (MSA)	42	Johnson City-Kingsport-Bristol, Tenn./Va. (MSA)
18	Wilmington-Newark, Del./Md. (PMSA)	43	<b>Kalamazoo-Battle Creek, Mich. (MSA)</b>
19	Danville, Va. (MSA)	44	Reading, Pa. (MSA)
20	Gadsden, Ala. (MSA)	45	Binghamton, N.Y. (MSA)
21	Hickory-Morganton-Lenoir, N.C. (MSA)	46	Gary, Ind. (PMSA)
22	Rocky Mount, N.C. (MSA)	47	Youngstown-Warren, Ohio (MSA)
23	Lynchburg, Va. (MSA)	48	Flint, Mich. (PMSA)
24	Sharon, Pa. (MSA)	49	Dutchess County, N.Y. (PMSA)
25	Decatur, Ill. (MSA)	50	Rochester, N.Y. (MSA)

Unfortunately, shift-share analysis does not explain *why* the top MSAs were so competitive during the 1990s. Each MSA has its own story to tell. However, by first comparing communities with the same economic base—in this example, manufacturing—and by then controlling for their set of industries, this analysis tells economic developers where to go to hear tales of success that may be transferable to their area.

## Note

1. Shift-share analysis separates an area's earnings growth into two major components: a national/industrial component and a local competitiveness component. The former estimates the impact on the area's growth of the national performance of its industries. If an area's major firms are in industries that are growing slower than the national average, then the area can expect to achieve slower-than-average growth as well. The second component measures the competitiveness of the area's firms relative to their national counterparts regardless of their industry's national performance.

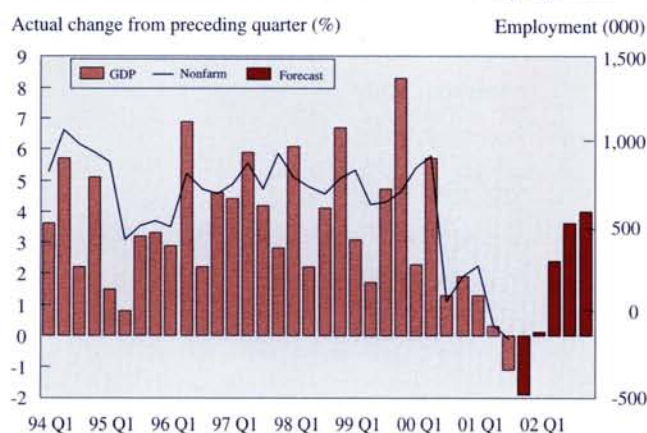


# NATIONAL ECONOMY

## The Expansion Ends

The longest expansion in U.S. history ended in March, according to the National Bureau of Economic Research. After 34 quarters of continuous growth, the nation's Gross Domestic Product (GDP) turned negative in the third quarter, falling at an average annualized rate of 1.1 percent. Moreover, recent employment statistics and business reports suggest that the fourth quarter may be more severe.

### Gross Domestic Product and Nonfarm Employment



NOTE: Forecast data from the Survey of Professional Forecasters, Federal Reserve Bank of Philadelphia.

While the September 11th attack stunned the national economy, it was not the cause of the third quarter's decline. In particular, drastic cuts in business investment spending and sluggish export markets were mostly responsible for the quarter's negative performance. Business spending on machinery, equipment, and software fell at a 9.3 percent annualized rate in the third quarter, with expenditures on information technologies falling at an 11.3 percent annual rate. Business investment spending has been on the decline for four straight quarters as firms across a wide range of industries face excess capacity on a global scale.

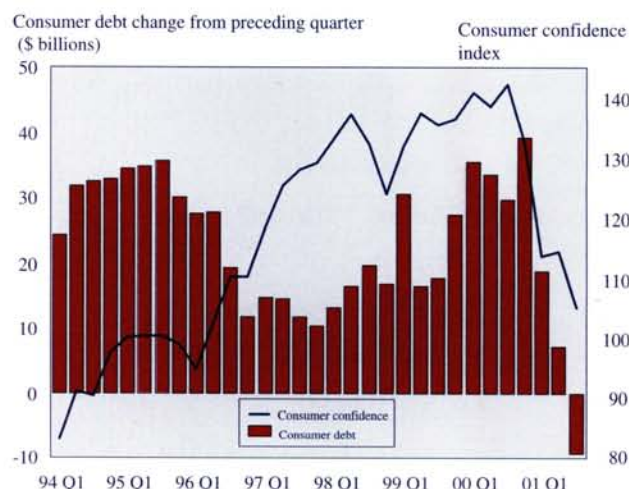
With the economies of our major trading partners also slowing, it is not surprising that our exports fell at a 17.7 percent average annual rate in the third quarter. In fact, our exports of goods and services also have been declining for four quarters.

For the nation's manufacturing industries, the third quarter report confirmed what they already knew. According to the National Association of Purchasing Management (NAPM), manufacturing has been in a recession for more than a year. In October, the Purchasing Managers' Index fell to 39.8 percent, its 15th consecutive decline. Historically, when the index falls below 50 percent, it suggests a

downturn in manufacturing, while a reading of below 42.7 percent indicates a general contraction in the entire economy. It is not surprising, therefore, that the October reading of NAPM index of the nonmanufacturing industries fell 9.6 percent, its largest decline ever.

The only good news generated with the third quarter report on the economy was that inventories are still retreating. In past downturns, firms were burdened with unwanted inventories, which slowed recovery as firms worked to clear shelves of unwanted goods. This is not the case today; inventories have been falling for the last three quarters. In the third quarter, inventories fell at an annualized rate of \$60.1 billion. Unfortunately, this downturn is not due to inventory fluctuations.

### Consumer Confidence and Consumer Debt



## Employment Cuts Deepen

After cutting 141,000 jobs in the third quarter, employers eliminated another 415,000 in October, driving the month's unemployment rate up to 5.4 percent. Not only were October's cuts deeper than in past months, they were also more broad-based. In the third quarter, employment cuts were limited mostly to the nation's struggling manufacturing industry, which lost 327,000 jobs. From September to October, manufacturers trimmed another 142,000 jobs from their payrolls, and service-producing employers cut 241,000 jobs. Not surprisingly, personnel supply services also took a heavy loss. In the 12-month period ending in October, they lost more than 500,000 workers, 122,000 being cut in October alone. In September, the Conference Board's Index of Help-Wanted Advertising dipped to an 18-year low.

Even during this slowdown, firms continue to do more with less. Productivity rose during the third quarter, as non-



farm businesses successfully reduced their workforce at a faster pace than the slowdown in sales. The number of hours worked fell by 1.4 percent during the third quarter of 2000, while output rose a modest 0.4 percent, pushing productivity upward by 1.8 percent. In the second quarter, productivity grew by only 1.5 percent from the same period a year earlier. As a result, unit labor costs in the quarter rose only 3.9 percent, down from 4.9 percent in the previous quarter. If companies work to improve their sagging profits by enacting productivity-enhancing strategies, employment demand may slow even further in the coming months.

## Bargain Prices Still Attract Wary Consumers

Though consumer confidence polls are dipping to recessionary lows, consumers continue to spend. Consumer spending rose at a 1.1 percent annual rate in the third quarter, with a 0.7 percent increase in durable goods expenditures. September auto sales remained surprisingly strong at a 16.2 million unit pace before reaching a 20.7 million unit pace in October. Zero-percent financing incentives, initiated by General Motors and quickly matched by most of its competitors, fueled October's high sales numbers. The auto sales in October—although they will most likely depress sales in November and December—nearly guarantee that 2001 will be the third best year ever for auto sales.

### Price Indexes and Unit Labor Costs

Change from one year ago (%)



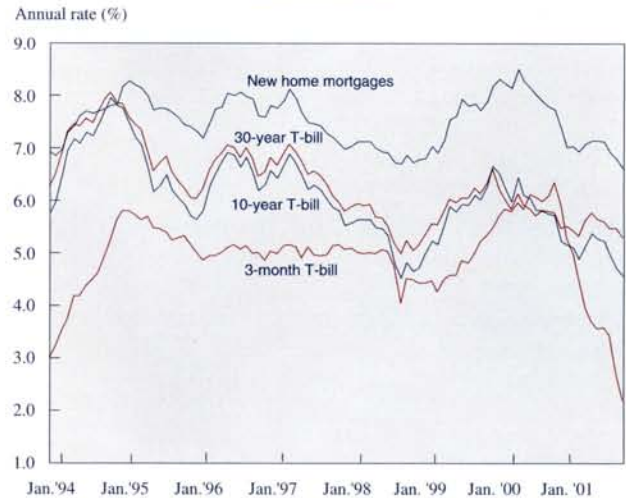
The nation's new car owners must be pleased with falling prices at the gas pumps. As the global economy slows, oil prices have fallen substantially. In fact, the Consumer Price Index fell 0.3 percent in October from September, following a 1.6 percent oil-influenced plunge in producer prices.

However, consumers are growing more concerned about the economy, especially with the unemployment rate on the rise. The Conference Board's index of consumer confidence fell 11.5 points in October and now stands at 85.5, the lowest reading since 1994. As consumers become more nervous, they are starting to control their debt levels and may start walking away from bargain prices.

## How Effective Is Monetary Policy on an Investment-Driven Downturn?

Business investment in structures, equipment, and software has been negative for the past three quarters, and corporate profits are plunging. The Wall Street Journal reported that corporate profits of the nation's 1,700 largest firms dropped by 72 percent in the third quarter. That is on top of a 76 percent fall in profits recorded in the second quarter.

### Interest Rates



In light of these factors, the actions of the Federal Reserve Bank (Fed) to cut short-term rates may be similar to taking the proverbial horse to the water: can you make corporations invest? From the start of this year, the federal funds rate—the rate banks charge each other for overnight loans—plunged from 6.5 percent to 2.0 percent. Given the common belief that it takes up to nine months for interest cuts to impact the economy, the recent Fed action should insure that when the economy does recover, it will be fueled by interest-sensitive investment and consumer expenditures.

The question remains, when will the reduction of short-term interest rates impact longer-term rates and business investments? First, the latest Fed survey of banks reveals that many are tightening standards for commercial and industrial loans. Second, the gap between the 10-year and 90-day Treasury bills has been growing. In fact, the Treasury Department's decision to end the sale of 30-year Treasury bonds may prove to be more effective at lowering long-term rates. The move is forcing investors to buy shorter-term 10-year bonds, thus driving down long-term rates that impact mortgages and corporate bonds. On the day of the announcement, the rate on existing 30-year bonds dropped from 5.2 percent to 4.9 percent, and 10-year bonds dropped to 4.2 percent.

Unfortunately, the final question remains whether lower interest rates will entice businesses to buy new equipment and software in the face of sagging profits, poor sales forecasts, and a lackluster global economy.



# THE REGIONAL ECONOMY

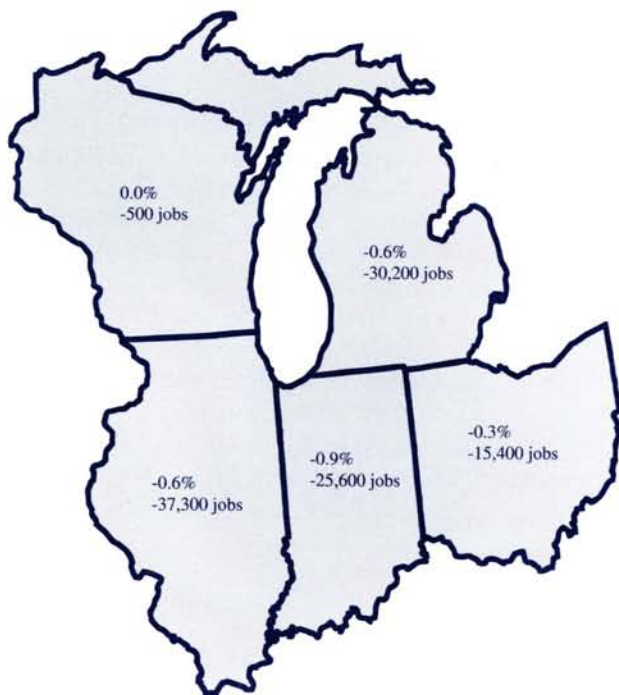
## Employment Conditions Remain Sluggish

Sluggish economic conditions hold firm in the Great Lakes region. During the 12-month period ending in September, the region's employers cut nearly 110,000 jobs. All of the states in the region experienced employment reductions, ranging from only 500 lost in Wisconsin to 37,300 eliminated in Illinois. In Michigan, employers cut 30,200 jobs in the 12-month period.

Economists at the Federal Reserve Bank of Chicago report that the region's manufacturing industry is still struggling, with their industry contacts citing double-digit percentage declines in shipments from the previous year. Some manufacturers were slowed due to delayed shipments at the Canadian borders. The economists also found that steel shipments and production were down significantly especially in the Midwest. Finally, manufacturers' prices continue to fall.

Manufacturers in the five-state region cut 179,300 jobs from September 2000 to September 2001, a 4.2 percent decline. Still, outside the region, manufacturers reduced the number of their workers by an even higher 5.6 percent. Not surprisingly, the average production week has also fallen

**Change in Total Employment,  
September 2000 to September 2001  
(seasonally adjusted)**



during the past 12 months among the Great Lakes states. In Michigan, the average work week for production workers fell by 6.5 percent from 44.3 hours to 41.4 hours.

The Federal Reserve Bank of Chicago's survey of Great Lakes bankers found that commercial lending activity remains lackluster as firms apparently delay major capital expenditures. Reflecting national trend, the region's bankers are finding commercial loan quality has deteriorated in recent weeks, with delinquencies rising. On the residential side, lower rates are triggering robust refinancing activity, and new mortgage activity is "mixed but relatively strong."

## Auto Sales Seem to Defy Gravity

Fueled by zero-percent financing, car sales rocketed to new heights in October, soaring to a 20.7 million annual

**Manufacturing Employment and Earnings  
(not seasonally adjusted)**

Great Lakes region	September 2001	September 2000	Change (%)
<b>Illinois</b>			
Mfg. employment	908,600	942,000	-3.5
Average weekly hours	41.3	41.8	-1.2
Average hourly earnings	\$14.78	\$14.49	2.0
<b>Indiana</b>			
Mfg. employment	656,500	686,900	-4.4
Average weekly hours	40.8	42.1	-3.1
Average hourly earnings	\$16.33	\$15.91	2.6
<b>Michigan</b>			
Mfg. employment	928,300	978,300	-5.1
Average weekly hours	41.4	44.3	-6.5
Average hourly earnings	\$19.53	\$19.40	0.7
<b>Ohio</b>			
Mfg. employment	1,047,300	1,085,700	-3.5
Average weekly hours	41.5	43.1	-3.7
Average hourly earnings	\$17.26	\$16.80	2.7
<b>Wisconsin</b>			
Mfg. employment	591,300	618,400	-4.4
Average weekly hours	41.4	42.2	-1.9
Average hourly earnings	\$15.37	\$14.91	3.1
<b>United States</b>			
Mfg. employment (000)	17,518	18,485	-5.2
Average weekly hours	41.0	41.8	-1.9
Average hourly earnings	\$15.01	\$14.51	3.4

NOTE: September 2001 lists preliminary numbers.



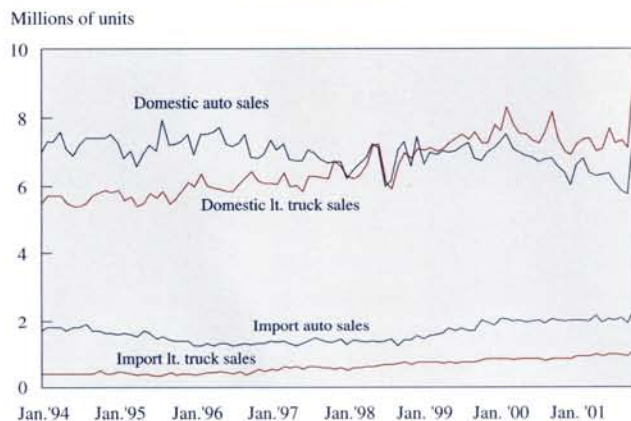
rate. Of course, October's sales rates are not sustainable and may come at the expense of poor sales in November and December. Moreover, the incentive cut into the financial health of both Ford and Chrysler, in particular. Still, the incentives nearly guarantee that sales in 2001 will end above 16 million units, and they have improved the market share of General Motors, the initiator of the incentive program. GM's market has increased to nearly 32 percent. Ford and Toyota posted gains as well, with Chrysler heading the list of losing companies.

**Market Share,  
October 2001 vs October 2000**

Company	2001	2000
General Motors	31.9	30.3
Ford	24.2	22.3
Chrysler	13.2	15.7
Toyota	9.5	9.3
Honda	6.1	6.4
All other	15.1	16.0

SOURCE: Autodata Corp., as reported in *The Wall Street Journal*, Nov. 2, 2001.

**U.S. Auto Sales**



**Consumer Price Index  
Percent Change Year-to-Year  
(not seasonally adjusted)**



NOTE: The Midwest states include Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

A key question is whether this increase in GM's market share will have a long-term impact, a variable that depends on customer satisfaction. Recent quality reports suggest that the quality gap between GM, Ford, and industry leaders Toyota and Honda has closed substantially. If this is true, then the current financial incentive may bear fruit for GM two or three years out when today's buyers are back in the market.

Ward's Auto World released the findings of its 23rd annual survey of auto suppliers, which only confirmed the harsh economic environment facing most of these businesses. First, 47.6 percent of the surveyed suppliers and 51.5 percent of the OEM (original equipment manufacturers) believe that they have too much production capacity, given current production orders. In short, plant closings may be inevitable in the industry. What is worse is that, although there is general agreement that there is excess capacity worldwide, 54.2 percent of the suppliers surveyed revealed that they are being pressured to add further capacity outside of North America. Finally, 56 percent of the auto suppliers fear that the current downturn in vehicle sales is "just the beginning of a few very tough years in the North American auto industry."

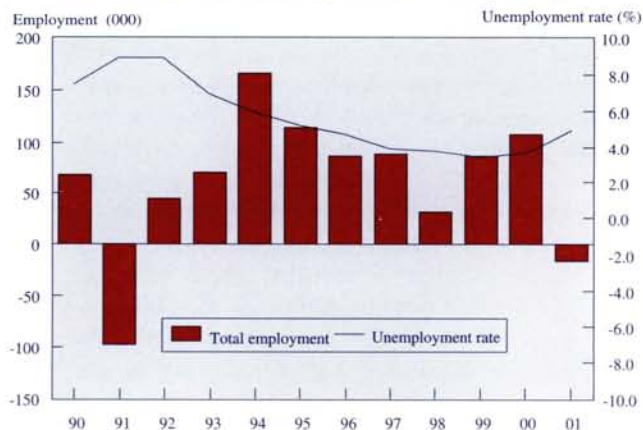


# THE STATE OF MICHIGAN

Total employment fell 0.1 percent in the third quarter; however, despite the lack of job growth, the state's unemployment rate remained at 4.9 percent. Employment indicators suggest that very little improvement can be expected in the final quarter of the year.

Employment in the state's goods-producing sector fell by a full 1 percent in the third quarter, due to a 1.2 percent drop in manufacturing employment. Construction employment held steady in the quarter, picking up 0.1 percent. From the third quarter of 2000 to the third quarter of 2001, employment in the state's manufacturing industry fell by 4.9 percent, or 48,520 workers. The declines were reported among nearly all manufacturing industries, but not surprisingly, the largest decline was in the transportation equipment industry, where employment fell by 9.5 percent. Manufacturing industries that are linked to autos, such as plastics and fabricated metals, have also witnessed employment reductions. In addition, statewide manufacturing employment in industries unrelated to autos, including furniture, printing, paper, and apparel, also fell. Modest gains were reported only in food and electronic equipment.

**Michigan Employment Change and Unemployment Rate**  
(1990 to present, third quarter to third quarter)



From third quarter to third quarter, the drop in total employment, 16,000 workers, is still minor compared to the 97,400 jobs lost during the same period in 1991.

During the third quarter, employment in the state's service-producing sector was flat. Gains in the state's financial and wholesale industries were completely offset by declines in retail, transportation, and services. Over the past year, retail employment fell by 0.4 percent, or 3,200 workers. This decline is not surprising given the year-long negative trend in retail activity suggested by the retail index prepared by the Michigan Retail Association in association with the Federal Reserve Bank of Chicago. In addition, personal

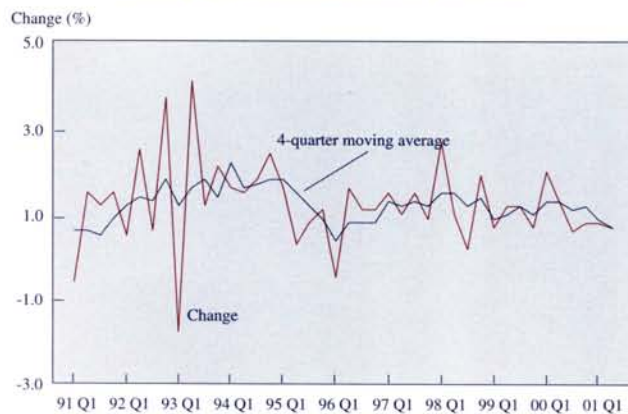
income growth in the state slowed, increasing by only 0.7 percent in the second quarter.

**Retail Activity in Michigan**



NOTE: Index = % reporting an increase in sales + [0.5 × (% reporting no change)].

**Michigan Personal Income Growth**



Government employment rose by 0.8 percent in the third quarter. In the last four-quarter period, government employment rose by 2.7 percent (not seasonally adjusted), pushed by a larger 4.9 percent increase in state employment. The Senate Fiscal Agency forecasts that the state's General Fund/General Purpose will be \$511 million in the red and its School Aid Fund will be \$330 million in the red in fiscal year 2001/2002, a prediction that will require consideration of serious cuts. These cuts will likely result in employment reductions on the state and local government levels, as many local government activities are state funded.

The state's indicators suggest there will be an absence of employment growth in the final quarter of this year. Both the Detroit and West Michigan Help-Wanted advertising indexes were negative in the quarter, and the statewide Index of Leading Indicators remained unchanged.



**Michigan Statistics**  
(seasonally adjusted)

Measure	2001 Q3	2001 Q2	Percent change Q2 to Q3	2000 Q3	Percent change Q3 to Q3
<b>Employment (by place of work)</b>					
Total employment	4,662,290	4,668,430	-0.1	4,678,340	-0.3
Goods-producing	1,146,720	1,158,370	-1.0	1,194,190	-4.0
Construction & mining	213,630	213,510	0.1	212,570	0.5
Manufacturing	933,090	944,860	-1.2	981,610	-4.9
Durable goods	706,140	716,300	-1.4	750,890	-6.0
Nondurable goods	226,950	228,560	-0.7	230,720	-1.6
Private service-producing	2,814,580	2,814,580	0.0	2,800,540	0.5
Transportation & pub. utilities	180,280	180,490	-0.1	181,280	-0.6
Wholesale trade	241,980	241,610	0.2	236,630	2.3
Retail trade	853,880	854,660	-0.1	857,090	-0.4
Finance, insurance & real estate	209,350	208,240	0.5	204,850	2.2
Services	1,329,100	1,329,580	0.0	1,320,700	0.6
Government	700,990	695,490	0.8	683,610	2.5
<b>Unemployment</b>					
Number unemployed	257,140	256,230	0.4	190,020	35.3
Unemployment rate (%)	4.9	4.9	0.0	3.7	32.4
<b>State indexes</b>					
Help-wanted ads					
Detroit	71	79	-10.1	123	-42.3
West Michigan (2 MSAs)	91	97	-6.2	130	-30.0
Leading indicators	100	100	0.0	114	-12.3
Local components					
Average weekly hours	41.7	41.1	1.5	43.7	-4.6
UI initial claims	18,326	21,209	-13.6	12,597	45.5
New dwelling units <sup>a</sup>	49,089	51,014	-3.8	46,870	4.7

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company, Detroit Help-Wanted Index from The Conference Board, and employment data from the Michigan Department of Career Development.

NOTE: Categories may not sum to total due to rounding.

<sup>a</sup> Seasonally adjusted annual rates.

**Michigan Industry Employment Change by Place of Work,  
Third Quarter to Third Quarter**  
(not seasonally adjusted)

Industry	2001 Q3	2000 Q3	Percent change	Industry	2001 Q3	2000 Q3	Percent change
<b>Goods-producing</b>	1,168,400	1,215,600	-3.9	Auto dealers & serv. stations	87,600	87,370	0.3
Lumber & wood products	17,767	18,300	-2.9	Apparel & accessory stores	34,970	35,630	-1.9
Furniture & fixtures	41,600	44,267	-6.0	Home furn. & equip. stores	37,070	38,870	-2.1
Primary metals	37,300	38,867	-4.0	Eating & drinking places	305,700	304,900	0.3
Fabricated metals	123,300	130,100	-5.2	Business services	334,300	340,300	-1.8
Industrial machinery	130,467	134,200	-2.8	Health services	367,030	362,470	1.3
Electronic equipment	35,800	35,767	0.1	Private educational services	44,870	43,630	2.8
Transportation equipment	268,433	296,667	-9.5	Social services	89,200	88,200	1.1
Food & kindred products	38,933	38,267	1.7	<b>Government</b>	656,670	639,470	2.7
Apparel	18,067	19,033	-5.1	Federal	59,130	60,230	-1.8
Paper & allied products	18,967	20,100	-5.6	State	167,070	159,200	4.9
Printing & publishing	41,000	42,067	-2.5	Local	430,470	420,030	2.5
Plastics & rubber	62,067	63,833	-2.8	Local gov't health services	13,270	12,930	2.6
<b>Private service-producing</b>	2,829,167	2,816,433	0.5	Local gov't education	231,970	226,370	2.5
General merchandise stores	130,733	133,300	-1.9				
Food stores	104,267	105,433	-1.1				

SOURCE: Michigan Department of Career Development.



# WEST MICHIGAN ECONOMY

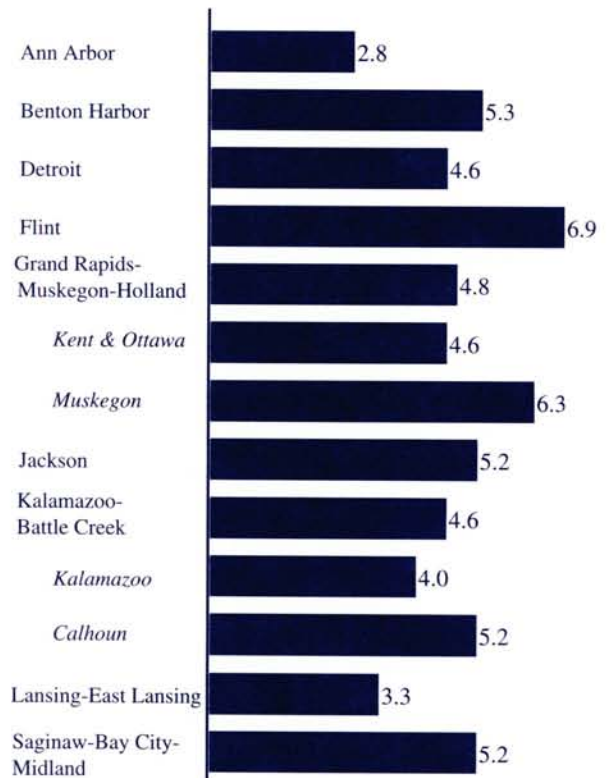
Total employment in the three metropolitan areas of west Michigan inched downward by 0.1 percent in the third quarter, pushing the region's unemployment rate up to 4.8 percent. Moreover, most of the region's economic indicators suggest that current sluggish employment conditions will continue in the final quarter.

## Statewide Comparisons

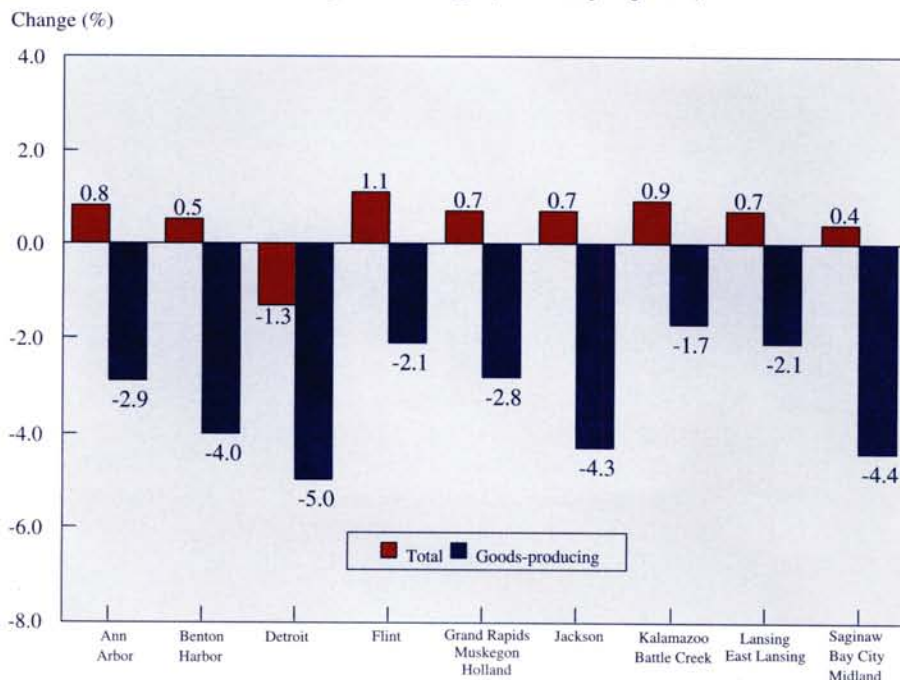
Employment in the state's struggling goods-producing sector fell by more than 1 percent in each of the state's nine metropolitan areas during the last four-quarter period. The metropolitan areas of Benton Harbor, Detroit, Jackson, and Saginaw-Bay City-Midland were hit the hardest. Still, with the exception of Detroit, total employment in the state's metropolitan areas continued to gain ground. Surprisingly, Flint reported the strongest growth in total employment for the four-quarter period, increasing by 1.1 percent.

As expected, the unemployment rates in the metropolitan areas have inched upward, although unemployment in Ann Arbor remained low at 2.8 percent. The unemployment rate in Benton Harbor, Flint, Jackson, and Saginaw-Bay City-Midland climbed above the 5 percent mark during the third quarter. Unemployment in Muskegon and Calhoun Counties also rose above 5 percent.

**Michigan Metropolitan Areas  
Third Quarter Unemployment Rates**  
(%, seasonally adjusted)



**Metropolitan Comparison: Percent Change in Employment,  
2000 Q3 to 2001 Q3 (seasonally adjusted)**





## West Michigan Economy

Total employment fell 0.1 percent in the third quarter, as employment losses in manufacturing offset modest gains in the region's service-producing and government sectors. The region's manufacturers shed 3,700 jobs in the quarter, eliminating 1.6 percent of their workforce. Employment reductions were reported in both durable- and nondurable-goods production.

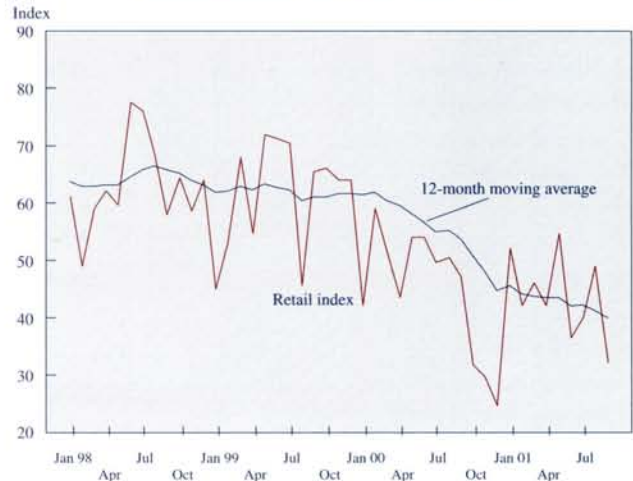
From third quarter of 2000 to third quarter of 2001, employment in the region's manufacturing sector dropped by 4.2 percent, a loss of more than 9,800 jobs. Employment losses were reported in nearly all major manufacturing industries, including fabricated metals, industrial machinery, furniture, and plastics. Recent earnings announcements by the region's auto suppliers are not promising either. For example, Tower Automotive's third quarter earnings fell 43 percent from a year ago, and Donnelly reported a \$1.3 million loss during the first three quarters, compared with a \$9.4 million gain last year.

The region's office furniture industry hit hard times as corporate profits continue to plunge, and white-collar workers are being let go. According to BIFMA International, the industry's trade organization, office furniture sales in the third quarter fell 21 percent from the same period last year. Moreover, BIFMA has been forced to revise its 2002 industry forecast downward. In June, the organization was calling for a slight 0.2 percent gain in 2002; now they are predicting a 8.8 percent decline in sales for the industry.

On the up side, employment in the region's service-producing sector rose 0.4 percent, and government employment increased a modest 0.2 percent. In fact, employment declines were only reported in the transportation and public utilities industries during the quarter. Employment in the finance, insurance, and real estate industry rose by a full 1

percent, and service providers—from health to business to personal services—hired an additional 1,800 workers in the quarter, a gain of 0.8 percent. Retail employment rose only 0.1 percent in the quarter. The Michigan Retail Index, conducted by the Michigan Retailers Association in association with the Chicago Federal Reserve Bank, continues to show sluggish retail conditions in west Michigan.

### Retail Activity in West Michigan



NOTE: Index = % reporting an increase in sales + [0.5 × (% reporting no change)].

Not surprisingly, the region's unemployment rate rose to 4.8 percent in the quarter, and area indicators suggest that it could get worse before it gets better. The composite Index of Help-Wanted Advertising fell 6.2 percent in the quarter; both the Grand Rapids and Kalamazoo Purchasing Managers' indexes declined. Still, the region's Index of Leading Indicators rose by 1.0 percent due to a modest decline in new claims for unemployment insurance and a strong 15.5 percent increase in the number of new dwelling units put under contract for construction.

## Major Economic Developments

### Battle Creek area

Parmalat SpA, owner of Archway Cookies, announced that it plans to increase its local workforce from 39 to as high as 100 persons during the next year.

Kellogg eliminated approximately 100 positions due to its recent purchase of Keebler Foods Co.

### Benton Harbor area

Carrier Corporation cut 80 production and white collar jobs at its Niles's Tyler Refrigeration operation in Niles.

Telex Communication announced that it is closing its Electro-Voice facility in Buchanan in 2002, eliminating 170 jobs.

### Grand Rapids-Holland area

BIFMA reported that office furniture shipments nationwide dropped by 21 percent in the third quarter, and it is forecasting national office furniture sales to fall by 8.8 percent in 2002.

Herman Miller announced that it is cutting 300 jobs at its west Michigan plants.

Steelcase cut 272 production jobs in November. The office furniture company has warned that up to 1,000 jobs, in total, could be cut by February if business conditions do not improve.

Autodie, an auto supplier, warned that it may be forced to lay off 180 workers

### Kalamazoo area

Dana Corporation announced that it will integrate its Spicer Heavy Systems Assembly Division at its area facility; also, the company was forced to cut 28 jobs in the county.

### Muskegon area

Hayes Lemmerz International announced that it will add 100 jobs in the area next year.

SPX Corporation is moving its headquarters out of Muskegon by the end of April.

Cannon-Muskegon Corp., a metal casting business, will add more than 24 jobs.

Dana cut 45 production workers and an unspecified number of salaried employees in Muskegon.

**West Michigan (3 MSAs) Statistics**  
(seasonally adjusted)

Measure	2001 Q3	2001 Q2	Percent change Q2 to Q3	2000 Q3	Percent change Q3 to Q3
<b>Employment (by place of work)</b>					
Total employment	897,210	898,160	-0.1	890,680	0.7
Goods-producing	267,110	270,610	-1.3	274,470	-2.7
Construction & mining	42,390	42,190	0.5	39,920	6.2
Manufacturing	224,730	228,430	-1.6	234,560	-4.2
Durable goods	145,960	148,010	-1.4	152,640	-4.4
Nondurable goods	78,760	80,420	-2.1	81,920	-3.9
Private service-producing	526,910	524,600	0.4	515,280	2.3
Transportation & pub. utilities	32,650	32,740	-0.3	31,770	2.8
Wholesale trade	52,410	52,340	0.1	51,210	2.3
Retail trade	167,090	166,910	0.1	164,240	1.7
Finance, insurance, & real estate	35,970	35,600	1.0	35,420	1.6
Services	238,800	237,010	0.8	232,660	2.6
Government	103,190	102,950	0.2	100,940	2.2
<b>Unemployment</b>					
Number unemployed	46,670	44,050	5.9	32,500	43.6
Unemployment rate (%)	4.8	4.6	4.3	3.4	41.2
<b>Local indexes</b>					
Help-wanted ads (2 MSAs) <sup>a</sup>	91	97	-6.2	130	-30.0
Leading indicators	98	97	1.0	110	-10.9
Average weekly hours	39.9	40.0	-0.3	42.0	-5.0
UI initial claims	2,582	2,615	-1.3	1,849	39.6
New dwelling units <sup>b</sup>	9,247	8,009	15.5	7,563	22.3

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company, ad count from four major daily newspapers, and employment data from the Michigan Department of Career Development.

NOTE: Categories may not sum to total due to rounding.

<sup>a</sup> The Grand Rapids-Muskegon-Holland MSA and the Kalamazoo-Battle Creek MSA.

<sup>b</sup> Seasonally adjusted annual rates; does not include Allegan County or Van Buren County.

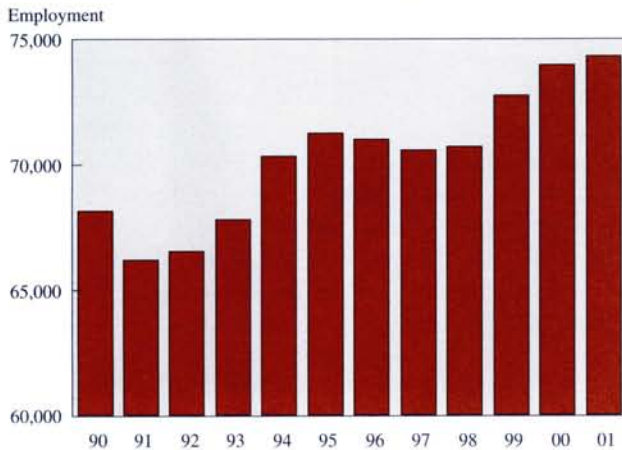
**West Michigan (3 MSAs) Industry Employment Change by Place of Work,**  
**Third Quarter to Third Quarter**  
(not seasonally adjusted)

Industry	2001 Q3	2000 Q3	Percent change	Industry	2001 Q3	2000 Q3	Percent change
<b>Goods-producing</b>	269,530	276,770	-2.6	<b>Private service-producing</b>	529,070	517,500	2.2
Primary metals	9,830	10,400	-5.5	Health services	65,330	64,570	1.2
Fabricated metals	28,430	30,430	-6.6				
Industrial machinery	31,400	32,330	-2.9	<b>Government</b>	95,800	93,630	2.3
Food & kindred products	17,630	17,430	1.1	Federal	10,100	10,130	-0.3
Printing & publishing	11,070	10,970	0.9	State	14,800	13,930	6.2
Plastics & rubber	14,930	16,530	-9.7	Local	70,900	69,570	1.9

SOURCE: Michigan Department of Career Development.



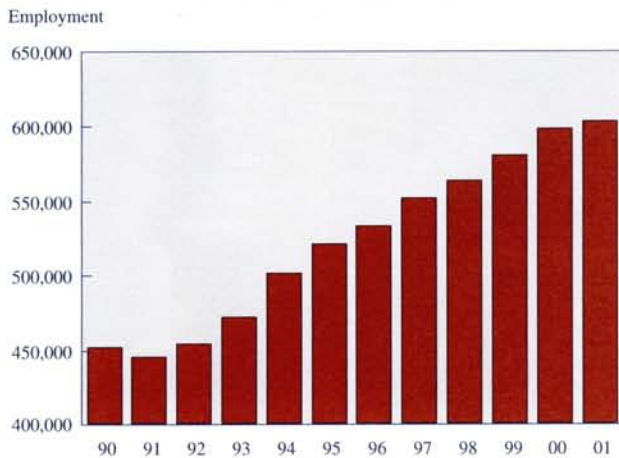
**Benton Harbor MSA  
Total Employment by Place of Work,  
(1990–2001, third quarter)**



**Benton Harbor MSA**

During the four-quarter period ending in the third quarter of 2001, total employment rose by only 0.4 percent, or an increase of 340 workers, in Berrien County. During the same period last year, county employers added 1,240 workers, a 1.7 percent increase. The current period's sluggish performance reflects the national economic downturn and suggests that the county may return to the lackluster performance it experienced during the 1995 to 1998 period.

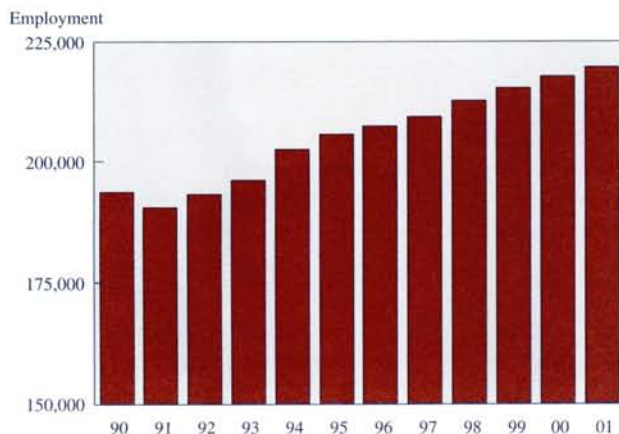
**Grand Rapids-Muskegon-Holland MSA  
Total Employment by Place of Work,  
(1990–2001, third quarter)**



**Grand Rapids-Muskegon-Holland MSA**

After eight years of substantial employment growth, area employers increased their payrolls by only 0.7 percent (4,300 workers) during the four-quarter period ending in the third quarter of 2001. During the same period last year, employment grew by 18,240 workers, or 3.1 percent. In fact, from 1991 to 2000, employment rose at a remarkable average annual rate of 3.0 percent, which was well above the national average of 1.2 percent.

**Kalamazoo-Battle Creek MSA  
Total Employment by Place of Work,  
(1990–2001, third quarter)**



**Kalamazoo-Battle Creek MSA**

During the four-quarter period ending in the third quarter of 2001, total employment rose by 0.9 percent, or an increase of nearly 1,900 workers in three-county Kalamazoo-Battle Creek MSA. Unlike the other two west Michigan metropolitan areas, the Kalamazoo-Battle Creek MSA did not witness a marked decline in employment growth from last year: during the same period last year, county employers added 2,400 workers, a 1.1 percent increase. Still, the current period's rate of growth is slower than the 1.4 percent annual rate recorded during the 10-year period from the third quarter of 1991 to the third quarter of 2001.

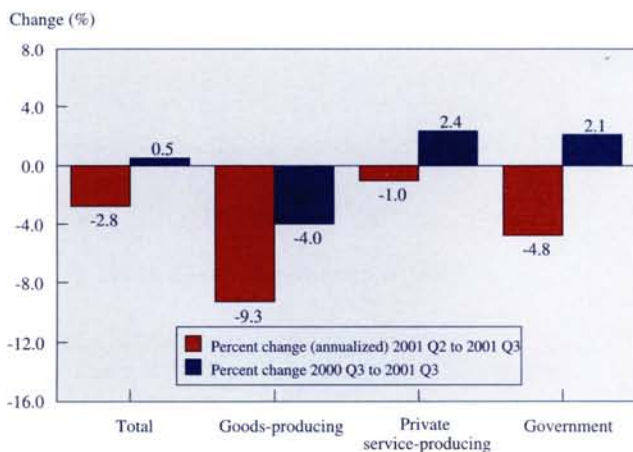


# BENTON HARBOR MSA

Total employment fell by 0.7 percent, a loss of more than 500 jobs, in the Benton Harbor MSA (Berrien County) during the third quarter. The quarter's decline erased a 0.6 percent gain recorded in the previous quarter and pushed the area's unemployment rate up to 5.3 percent. The third-quarter reading of its Index of Leading Indicators suggests that the county's employment situation will likely remain lackluster during the final quarter of the year.

Employment in the area's goods-producing sector fell by a large 2.4 percent in the quarter, a loss of more than 500 jobs. This decline came despite a 2.1 percent gain in construction employment pushed, in part, by a 20.2 percent jump in the number of new dwelling units put under contract for construction. Manufacturing employment fell by 3.1 percent in the quarter. During the four-quarter period ending in September, manufacturing employment fell by 5.6 percent, a loss of 1,100 jobs. During this period, all of the area's manufacturing industries lost jobs except for its food manufacturers, who held their ground. The largest cuts occurred in the area's auto-dominated plastics industries, where 300 jobs were lost. However, the county's printers and fabricated metal manufacturers also cut 100 jobs each from their payrolls, and its primary metal firms laid off 167 workers during the period.

**Benton Harbor MSA Employment Growth**  
(seasonally adjusted)



During the third quarter, Tyler Refrigeration, a maker of commercial refrigerated display cases, announced that it is laying off close to 80 production and salaried workers in Niles. The layoffs are part of a larger layoff of 1,000 workers worldwide. The Niles plant employed 360 production workers and about 200 salaried employees before the announced layoffs. Electro-Voice, which is owned by Telex Communication, Minneapolis, announced that it will close its audio equipment plant in Buchanan during the second quarter of 2002, leaving 170 people jobless.

Private service-producing employment also declined during the quarter, falling by 0.3 percent, due to a large 0.8 percent drop in services. The source of the job loss remains unclear except that it was not in the area's health industry. Employment increased during the quarter in the area's trade industries—retail and wholesale—as well as its transportation and public utilities industries.

Because of existing electrical and natural gas lines and its location near Chicago, the Benton Harbor area is becoming an attractive location for power-generating facilities. PG&E National Energy Group has broken ground on its 1,170-megawatt plant in Covert Township just north of Berrien County. In addition, Sempra Energy is seeking to construct a 500-megawatt power generating plant in Lake Township.

Government employment was up a strong 1.2 percent during the quarter and up 2.1 percent in the latest four-quarter period. All of the gains have been in local government including the area's public schools. Unfortunately, state-wide budget problems could force employment cuts in state-funded but locally operated programs.

The area's unemployment rate rose to 5.3 percent in the quarter, as approximately 150 individuals were added to the county's unemployment roles.

Unfortunately, the area's Index of Leading Indicators fell by 1.1 percent during the quarter, suggesting that the county's stagnant economic conditions may continue during the final quarter of the year. The average workweek of production workers held steady during the quarter despite reported layoffs. However, the number of new claims for unemployment insurance rose by 8.7 percent.

**Benton Harbor MSA**  
(seasonally adjusted)

Measure	2001 Q3	2001 Q2	Percent change Q2 to Q3	2000 Q3	Percent change Q3 to Q3
<b>Employment (by place of work)</b>					
Total employment	74,360	74,890	-0.7	74,020	0.5
Goods-producing	21,490	22,020	-2.4	22,390	-4.0
Private service-producing	43,510	43,620	-0.3	42,470	2.4
Government	9,360	9,250	1.2	9,170	2.1
<b>Unemployment</b>					
Number unemployed	4,570	4,420	3.4	3,460	32.1
Unemployment rate (%)	5.3	5.1	3.9	4.1	29.3
<b>Local indexes</b>					
Leading indicators	87	88	-1.1	101	-13.9
Average weekly hours	38.6	38.6	0.0	41.8	-7.7
UI initial claims	374	344	8.7	280	33.6
New dwelling units <sup>a</sup>	471	391	20.2	417	13.0

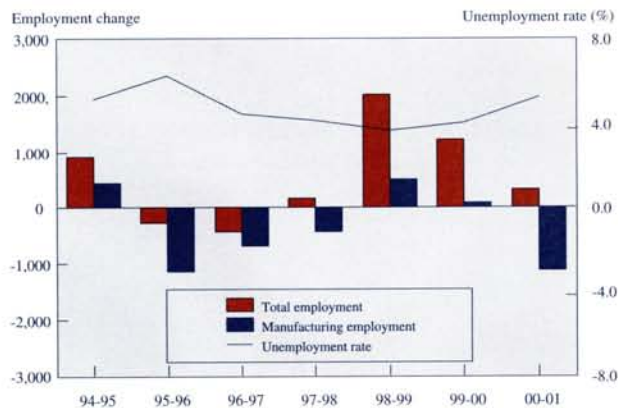
SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company, and employment data from the Michigan Department of Career Development.

NOTE: Categories may not sum to total due to rounding.

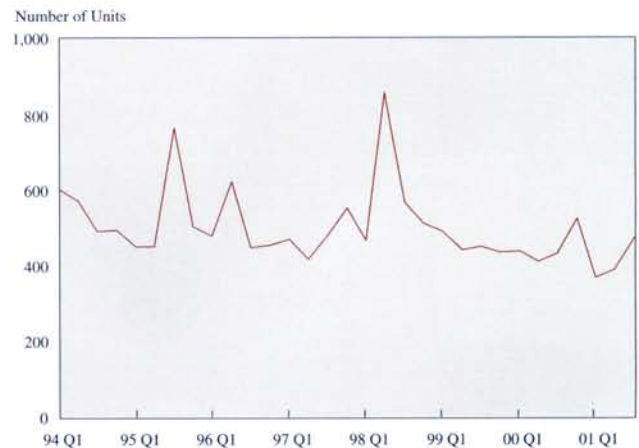
<sup>a</sup> Seasonally adjusted annual rates.

For more detailed employment information,  
please see the appendix tables on p. 25.

**Area's Annual Unemployment Rate and  
Change in Employment,  
Third Quarter to Third Quarter**



**Number of Residential Units Put under Contract  
for Construction in Berrien County  
(seasonally adjusted annualized rate)**



SOURCE: F.W. Dodge McGraw-Hill Construction Information Group.  
For more information call 1-800-591-4462.



# GRAND RAPIDS-MUSKEGON-HOLLAND MSA

Total employment inched down by 0.1 percent during the third quarter in the four-county MSA. Employment losses in the area's goods-producing sector offset gains reported in its service-producing and government sectors during the quarter. The small decline in employment was accompanied by an increase in unemployment rate to 4.8 percent. The third-quarter readings of the area's economic indexes were mixed, suggesting that the current employment conditions could hold in the coming months.

Employment in the area's goods-producing sector fell by 1.5 percent, a loss of more than 2,800 jobs in the third quarter. The loss came despite a modest 0.2 percent employment gain in construction due, in part, to a strong 14.6 percent jump in the number of new dwelling units being put under contract for construction. It was in the area's manufacturing industry where the quarter's most serious employment reduction was reported, with durable goods producers cutting 1.5 percent of their workers, 1,580 individuals, and nondurable goods producers trimming their workforce by 2.5 percent, 1,330 workers. During the four-quarter period ending in September, the area's furniture industry and the auto-dominated fabricated metals and plastics industries each eliminated more than 1,000 jobs.

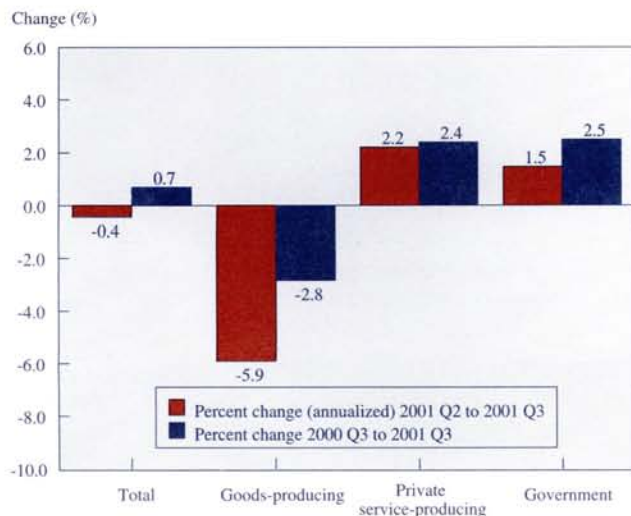
The area's furniture industry has been hit hard by the sharp downturn in business investment spending and may be facing a long period of sluggish sales, according to business analysts. The three national factors that historically track industry sales—business investment in equipment,

white-collar employment, and corporate profits—are all flat or declining. In November, BIFMA reported that shipments in the third quarter dropped by 21 percent from the previous year and are forecast to fall by 8.8 percent in 2002. Herman Miller announced that it is cutting 750 jobs, of which 300 are located here. In November, Steelcase cut approximately 270 production jobs, and more job cuts, up to 1,000 total, could occur by February.

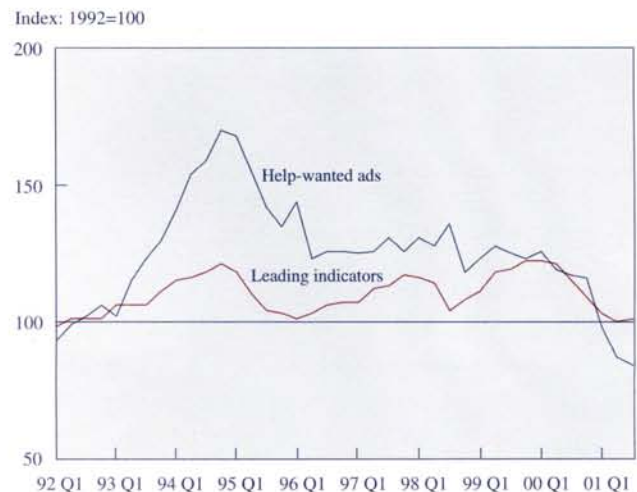
Employment in the area's service-producing sector rose by 0.6 percent, with losses reported only in transportation and public utilities. Retail employment was flat during the quarter, and the current negative trend of the West Michigan Retail Index suggests that the sector's employment levels will remain flat in the coming months. The area's finance, insurance, and real estate industry reported a 1.6 percent increase in employment, which suggests that the purchase of Old Kent Bank by Fifth Third Bank is not causing any major employment losses. Government employment rose by 0.4 percent during the quarter.

The Index of Help-Wanted Advertising fell by 2.3 percent during the quarter. Manpower's third-quarter survey found that only 13 percent of Kent County firms and 14 percent of surveyed Holland firms plan to add workers in the fourth quarter. Still, the area's Index of Leading Indicators, which monitors conditions in the area's goods-producing sector, rose 1.0 percent, suggesting that employment conditions may stabilize in the sector during the coming months.

**Grand Rapids-Muskegon-Holland MSA  
Employment Growth  
(seasonally adjusted)**



**Grand Rapids-Muskegon-Holland MSA  
Employment Indexes**



**Grand Rapids-Muskegon-Holland MSA**  
(seasonally adjusted)

Measure	2001 Q3	2001 Q2	Percent change Q2 to Q3	2000 Q3	Percent change Q3 to Q3
<b>Employment (by place of work)</b>					
Total employment	603,080	603,740	-0.1	598,780	0.7
Goods-producing	187,660	190,520	-1.5	193,140	-2.8
Private service-producing	356,980	355,000	0.6	348,640	2.4
Government	58,440	58,220	0.4	57,000	2.5
<b>Unemployment</b>					
Number unemployed	30,930	28,720	7.7	20,330	52.1
Unemployment rate (%)	4.8	4.5	6.7	3.3	45.5
<b>Local indexes</b>					
Help-wanted ads	84	86	-2.3	118	-28.8
Leading indicators	101	100	1.0	115	-12.2
Average weekly hours	40.0	40.2	-0.5	42.1	-5.0
UI initial claims	1,460	1,522	-4.1	933	56.5
New dwelling units <sup>a</sup>	7,029	6,136	14.6	5,487	28.1

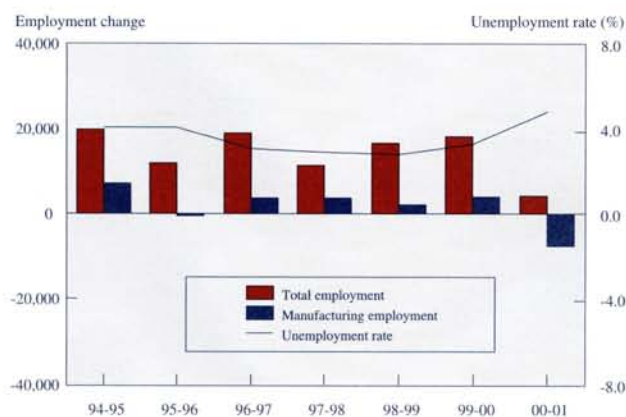
SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company, and employment data from the Michigan Department of Career Development.

NOTE: Categories may not sum to total due to rounding.

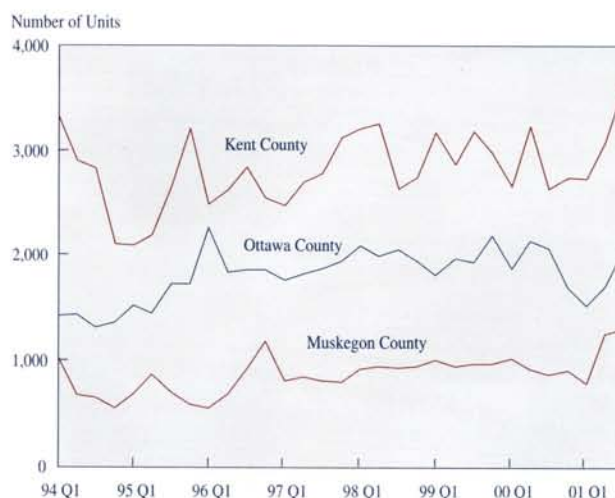
<sup>a</sup> Seasonally adjusted annual rates; does not include Allegan County.

For more detailed employment information,  
please see the appendix tables on p. 26.

**Area's Annual Unemployment Rate and  
Change in Employment,  
Third Quarter to Third Quarter**



**Number of Residential Units Put under Contract  
for Construction  
(seasonally adjusted annualized rate)**



SOURCE: F.W. Dodge McGraw-Hill Construction Information Group. For more information call 1-800-591-4462.



## Grand Rapids-Holland Area (Kent and Ottawa counties)

*Total employment by place of work fell an estimated 0.2 percent in Kent and Ottawa counties during the third quarter. This estimated decline mirrored the 0.3 percent drop in the number of employed residents in the two-county area. To no surprise, the area's unemployment rate increased during the quarter, reaching 4.6 percent. Area economic indicators were mixed during the quarter, suggesting that employment conditions in the two-county area will most likely remain lackluster in the final months of this year and into next year as well.*

Employment in the area's goods-producing sector fell an estimated 1.6 percent in the third quarter. The area's furniture industry has been forced to lay off hundreds of workers in the past several months. In addition, X-Rite Incorporated and Laser Alignment have trimmed their workforces. The area's auto suppliers continue to face a harsh pricing environment and unstable demand. Autodie, for example, notified its employees that it may have to lay off up to 180 workers in the coming months. On the plus side, Bil-Mar Foods says it expects to create at least 70 new jobs as a

result of a \$15 million expansion project at its food processing plant near Holland. Food products is one of the few manufacturing industries that continues to hire in the four-county metropolitan area.

Employment in the area's service-producing sector rose an estimated 0.6 percent during the quarter, while government employment was off by an estimated 0.2 percent.

The third-quarter reading of the economic indicators for the two-county area was mixed. The Index of Help-Wanted Advertising fell by 3.5 percent, suggesting that employment conditions in the area's service-producing sector will stay unchanged. In addition, the latest polling of the area's purchasing managers indicate that stagnant economic conditions still prevail in the area's manufacturing sector. Still, the number of new unemployment insurance claims fell by 5.5 percent, and the number of new dwelling units put under contract rose a strong 16.1 percent. Nevertheless, sluggish employment conditions are expected to hold during the final months of the year.

## Muskegon Area (Muskegon County)

*Total employment by place of work in Muskegon County rose an estimated 0.1 percent in the third quarter. However, the number of employed residents fell by 0.4 percent during the quarter, keeping the area's unemployment rate up at 6.3 percent. The area's economic indicators are surprisingly positive, suggesting that the county may weather the current downturn better than other areas.*

Employment in the county's goods-producing sector fell by an estimated 0.6 percent during the third quarter. The county has had its share of negative business reports, including the announcement of SPX's April 2002 departure from the city (which will have, in fact, only a modest impact on area employment). More disturbing is that Dana Corporation, which purchased several of SPX's facilities in the county, has laid off more than 45 workers, and the number could go higher as the auto supplier announced that it plans to cut 11,000 jobs (15 percent of its workers) company-wide in the next several months. Finally, Sappi Fine Paper trimmed its workforce by 30 workers.

Still, the county has received positive reports as well. Hayes Lemmerz International, an auto supplier, announced

that it will add 100 jobs. Cannon-Muskegon, a metal casting business, is investing \$14 million in and adding 24 jobs to its county facility. Finally, the county's largest employer, Howmet, was awarded a major multiyear defense contract that will provide substantial support for about 100 jobs. The aircraft component manufacturer currently employs approximately 2,600 in the county.

Employment in the county's service-producing sector rose an estimated 0.6 percent during the quarter, while government employment fell by 0.7 percent. Quality Stores, based in Norton Shores, has filed for Chapter 11 protection. The local employment impact of the move is unknown. The company employs approximately 9,000 people nationwide.

Countering trends found in the other west Michigan areas, the third-quarter reading of the county's economic indicators was mostly positive. The area's Index of Help-Wanted Advertising rose by nearly 5 percent, and the number of new claims for unemployment insurance fell by 1.8 percent. However, residential construction activity was flat.

**Grand Rapids-Holland Area**  
(seasonally adjusted)

Measure	2001 Q3	2001 Q2	Percent change Q2 to Q3	2000 Q3	Percent change Q3 to Q3
<b>Total employment (by place of work)</b>	494,920	495,790	-0.2	490,410	0.9
Goods-producing	151,780	154,220	-1.6	155,390	-2.3
Service-producing	299,030	297,370	0.6	292,120	2.4
Government	44,110	44,200	-0.2	42,900	2.8
<b>Employment (by place of residence)</b>	469,010	470,290	-0.3	460,770	1.8
Number unemployed	22,510	20,890	7.8	14,550	54.7
Unemployment rate (%)	4.6	4.3	7.0	3.1	48.4
<b>Indicators</b>					
Help-wanted ads	83	86	-3.5	117	-29.1
UI claims	968	1,024	-5.5	610	58.7
New dwelling units <sup>a</sup>	5,713	4,921	16.1	4,622	23.6
<b>Purchasing Management Index (PMI)</b>	<b>Latest month</b>		<b>Previous month</b>		
	31.2 (November)		41.4 (October)		

NOTE: PMI = % positive + [0.5 × (% no change)].

<sup>a</sup> Seasonally adjusted annual rates.

**Muskegon Area**  
(seasonally adjusted)

Measure	2001 Q3	2001 Q2	Percent change Q2 to Q3	2000 Q3	Percent change Q3 to Q3
<b>Total employment (by place of work)</b>	66,010	65,950	0.1	65,420	0.9
Goods-producing	17,080	17,180	-0.6	17,710	-3.6
Service-producing	39,510	39,280	0.6	38,560	2.5
Government	9,420	9,490	-0.7	9,150	3.0
<b>Employment (by place of residence)</b>	83,070	83,380	-0.4	82,130	1.1
Number unemployed	5,680	5,630	0.9	4,220	34.6
Unemployment rate (%)	6.3	6.3	0.0	4.8	31.3
<b>Indicators</b>					
Help-wanted ads	85	81	4.9	123	-30.9
UI claims	493	502	-1.8	323	52.6
New dwelling units <sup>a</sup>	1,294	1,301	-0.5	849	52.3

<sup>a</sup> Seasonally adjusted annual rates.



# KALAMAZOO-BATTLE CREEK MSA

Total employment in the three-county MSA rose a slight 0.1 percent in the third quarter. Overall, employment gains and losses occurring in the quarter were modest. The lack of substantial job growth allowed the area's unemployment rate to inch up to 4.6 percent. Area economic indicators were mixed in the third quarter, suggesting that the MSA's current lackluster economic performance may continue during the final quarter of 2001 and into the start of the new year.

Employment in the area's goods-producing sector fell by only 0.2 percent during the third quarter. Several of the major manufacturers continue to face stable markets despite the national downturn, including several auto suppliers, cereal producers, and Pharmacia. Moreover, construction employment was up 1 percent during the quarter due in part to a 17.9 percent jump in the number of dwelling units put under contract for construction.

Manufacturing employment fell by 0.4 percent in the quarter. While current business reports do not cite any major layoffs, the three-county area was hit by major employment reductions during the past four quarters. In the four-quarter period ending in September, area manufacturers shed close to 1,200 workers. More than 850 jobs were eliminated in the area's fabricated metal industry, which is dominated by area auto suppliers, and nearly 500 jobs were lost in its struggling paper industry. However, its chemical industry, which is dominated by the Pharmacia Corporation, added more than 200 jobs in the past year.

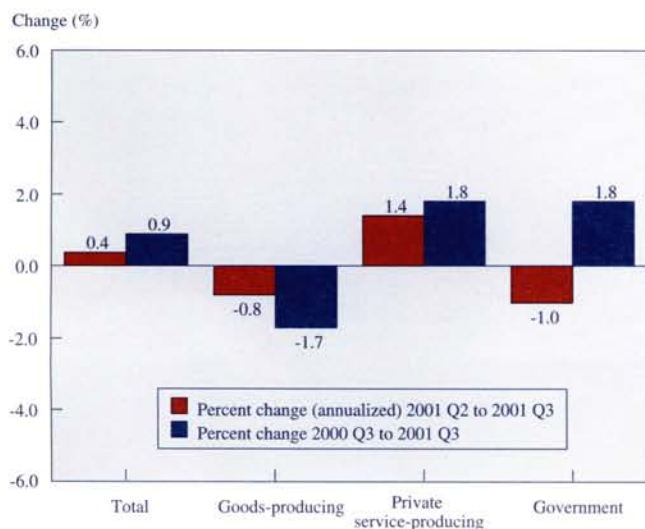
Employment in the area's service-producing sector was up a modest 0.3 percent in the third quarter and up 1.8 per-

cent for the past year. Except for a minor 0.1 percent decline in wholesale employment, employment gains were reported across most of the area's service industries. Retail trade employment rose by 0.3 percent in the quarter and by a strong 2.4 percent in the latest four-quarter period. Some of these gains reflect the increased retail activity in south Battle Creek and Emmett Charter Township. Government employment was off by 0.3 percent during the quarter. During the past four quarters, government employment rose by 1.8 percent in the area due to large gains in state government, a trend that is not likely to continue given the state's budget problems.

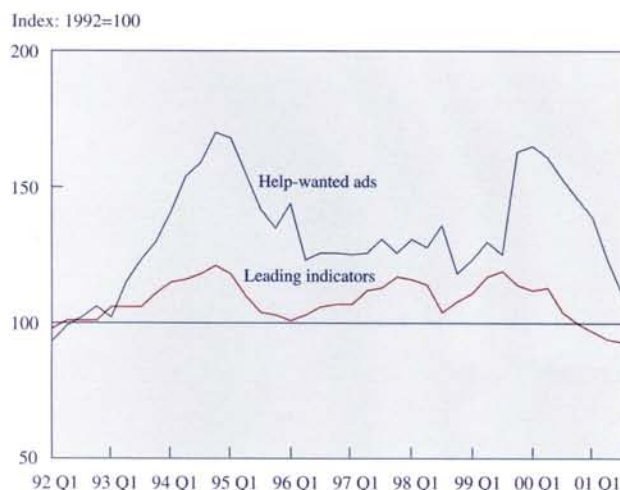
Unemployment in this area inched up to 4.6 percent in the quarter, with the number of unemployed residents topping 11,000 persons.

The area's economic indicators were mixed. The Help-Wanted Advertising Index dropped by 9.2 percent during the quarter, suggesting that employment opportunities, especially in the service-producing sector, may be limited in the coming months. However, the Index of Leading Indicators, which tracks employment conditions in the area's goods-producing sector, was unchanged during the quarter. The average work week for production workers held steady at 40.3 hours per week, and the number of new claims for unemployment insurance declined slightly. Still, employment conditions in the three-county area are expected to remain soft in the coming months due to national economic conditions.

**Kalamazoo-Battle Creek MSA**  
**Employment Growth**  
(seasonally adjusted)



**Kalamazoo-Battle Creek MSA**  
**Employment Indexes**



**Kalamazoo-Battle Creek MSA**  
(seasonally adjusted)

Measure	2001 Q3	2001 Q2	Percent change Q2 to Q3	2000 Q3	Percent change Q3 to Q3
<b>Employment (by place of work)</b>					
Total employment	219,770	219,530	0.1	217,880	0.9
Goods-producing	57,960	58,070	-0.2	58,940	-1.7
Private service-producing	126,420	125,980	0.3	124,170	1.8
Government	35,390	35,480	-0.3	34,770	1.8
<b>Unemployment</b>					
Number unemployed	11,170	10,910	2.4	8,710	28.2
Unemployment rate (%)	4.6	4.5	2.2	3.7	24.3
<b>Local indexes</b>					
Help-wanted ads	109	120	-9.2	155	-29.7
Leading indicators	93	93	0.0	104	-10.6
Average weekly hours	40.3	40.3	0.0	41.7	-3.4
UI initial claims	748	749	-0.1	636	17.6
New dwelling units <sup>a</sup>	1,747	1,482	17.9	1,660	5.2

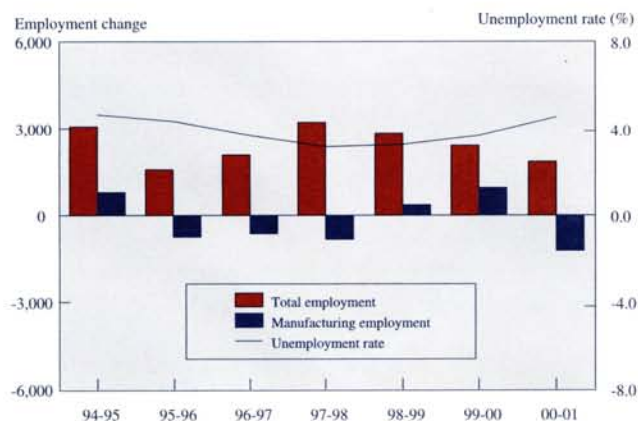
SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company, and employment data from the Michigan Department of Career Development.

NOTE: Categories may not sum to total due to rounding.

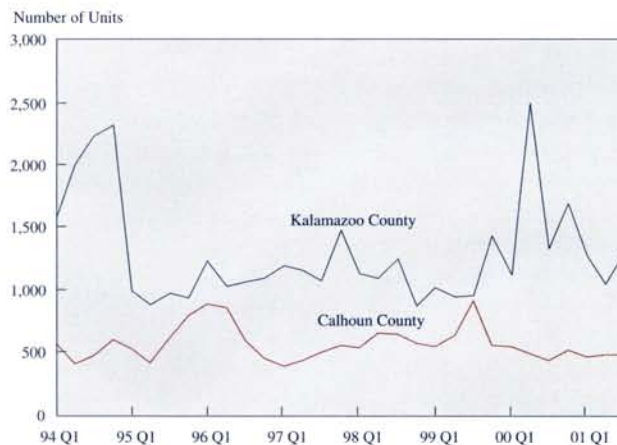
<sup>a</sup> Seasonally adjusted annual rates; does not include Van Buren County.

For more detailed employment information,  
please see the appendix tables on p. 27.

**Area's Annual Unemployment Rate and  
Change in Employment,  
Third Quarter to Third Quarter**



**Number of Residential Units Put under Contract  
for Construction  
(seasonally adjusted annualized rate)**



SOURCE: F.W. Dodge McGraw-Hill Construction Information Group.  
For more information call 1-800-591-4462.



## **Kalamazoo Area**

### **(Kalamazoo County)**

*Total employment by place of work in Kalamazoo County increased an estimated 0.1 percent in the third quarter, with the number of employed county residents remaining unchanged. The area's unemployment rate stood at 4.0 percent during the quarter. The economic indicators were mostly negative, pointing to continued stagnant employment conditions during the closing months of the year.*

Employment in the county's goods-producing sector fell an estimated 0.1 percent in the third quarter. However, the quarter's 30.5 percent jump in the number of new dwelling units put under construction suggests that the county's construction industry is still active. Employment in the county's manufacturing industry is holding firm, although there are isolated reports of modest layoffs. Unfortunately, American Tissue's efforts to restart the former Crown Vantage plant in Parchment recently ran into more trouble because of the company's financial conditions. On a positive note, Dana Corporation announced that it will integrate its Spicer Heavy Systems Assembly Division into its county's facility; however, the employment impact of the announced move is still unknown.

## **Battle Creek Area**

### **(Calhoun County)**

*Total employment in Calhoun County rose an estimated 0.4 percent during the third quarter. However, the number of county residents employed fell by 0.2, which helped push the area's unemployment rate up to 5.2 percent. The area's economic indicators were mixed in the quarter, suggesting that the area's economy will remain sluggish with, at best, only modest employment growth in the coming months.*

Employment in the county's goods-producing sector was down an estimated 0.2 percent during the third quarter. Employment in the area's large food product industry is being impacted, both positively and negatively, by recently announced consolidations. Kellogg eliminated approximately 100 jobs as a result of the cereal producer's purchase of Keebler Foods. At the same time, Parmalat SpA's purchase of Archway last year may result in the company's local employment levels being increased from 39 to 100 workers as the multinational company moves administrative positions to Battle Creek. Outside the county, but still related to the food industry, the Fort Dearborn Co., a maker of food package labels, will close in December, eliminating 120 jobs in Branch County.

Employment in the county's service-producing sector rose an estimated 0.4 percent during the quarter, but government employment was down by 0.5 percent. Western Michigan University's Business Technology and Research Park continues to attract new tenants. Fishbeck, Thompson, Carr & Huber, Inc., a 20-person engineering firm currently located in downtown Kalamazoo, is the newest announced tenant of the park.

The number of employed residents remained basically unchanged during the quarter, as did the area's unemployment rate, which inched up only 0.1 percent to 4.0 percent.

The third-quarter reading of the county's economic indicators suggests that, at best, the county's humdrum employment situation will hold steady in the coming months. The county's Index of Help-Wanted Advertising fell by 8.8 percent, indicating that employment opportunities, primarily in the area's service-producing sector, will remain limited. In addition, the number of new claims for unemployment insurance rose by 2.8 percent. Finally, the latest polling of the area's purchasing managers suggest that business conditions in the area's manufacturing industry may get worse before they get better.

Employment in the county's service-producing sector was up an estimated 0.3 percent, and government employment jumped an estimated 1.7 percent in the quarter.

Although employment by place of work increased during the quarter, the number of county residents with jobs fell by 0.2 percent. As a result, the county's unemployment rate rose to 5.2 percent in the third quarter from 5.0 percent in the second quarter.

The third-quarter reading of the area's economic indicators were contradictory. The county's Index of Help-Wanted Advertising fell by 4.9 percent, suggesting that employment conditions in the service-producing sector may soften even further in the coming months. However, the number of new claims for unemployment insurance fell by 4.8 percent. In the short term, it is likely that the county's current lackluster employment conditions will remain unchanged as county employers face sluggish national and international markets.

**Kalamazoo Area**  
(seasonally adjusted)

Measure	2001 Q3	2001 Q2	Percent change Q2 to Q3	2000 Q3	Percent change Q3 to Q3
<b>Total employment (by place of work)</b>	125,870	125,730	0.1	124,790	0.9
Goods-producing	30,100	30,140	-0.1	30,960	-2.8
Service-producing	76,200	75,930	0.4	74,710	2.0
Government	19,570	19,660	-0.5	19,120	2.4
<b>Employment (by place of residence)</b>	126,890	126,920	0.0	125,960	0.7
Number unemployed	5,240	5,190	1.0	3,830	36.8
Unemployment rate (%)	4.0	3.9	2.6	3.0	33.3
<b>Indicators</b>					
Help-wanted ads	114	125	-8.8	160	-28.8
UI claims	406	395	2.8	325	24.9
New dwelling units <sup>a</sup>	1,315	1,008	30.5	1,264	4.1
<b>Purchasing Management Index (PMI)</b>	<b>Latest month</b>		<b>Previous month</b>		
	39.2 (November)		43.9 (October)		

NOTE: PMI = % positive + [0.5 × (% no change)].

<sup>a</sup> Seasonally adjusted annual rates.

**Battle Creek Area**  
(seasonally adjusted)

Measure	2001 Q3	2001 Q2	Percent change Q2 to Q3	2000 Q3	Percent change Q3 to Q3
<b>Total employment (by place of work)</b>	70,750	70,460	0.4	70,100	0.9
Goods-producing	20,870	20,910	-0.2	20,950	-0.4
Service-producing	38,060	37,930	0.3	37,560	1.3
Government	11,820	11,620	1.7	11,590	2.0
<b>Employment (by place of residence)</b>	67,710	67,820	-0.2	67,110	0.9
Number unemployed	3,680	3,530	4.2	3,190	15.4
Unemployment rate (%)	5.2	5.0	4.0	4.5	15.6
<b>Indicators</b>					
Help-wanted ads	98	103	-4.9	142	-31.0
UI claims	340	357	-4.8	309	10.0
New dwelling units <sup>a</sup>	480	474	1.4	446	7.5

<sup>a</sup> Seasonally adjusted annual rates.



# Appendix Tables

**Table A-1**  
**Selected Labor Market Indicators**  
(not seasonally adjusted)

Labor market area	Average for manufacturing production workers <sup>a</sup> (September 2001)						Civilian labor force unemployment rate <sup>b</sup>	
	Weekly hours	Percent change 2000-2001	Hourly earnings	Percent change 2000-2001	Weekly earnings	Percent change 2000-2001	July 2001	Sept. 2001
United States	41.0	-1.9	\$15.01	3.4	\$615.41	1.5	4.7	4.7
Michigan	41.4	-6.5	19.53	0.7	808.54	-5.9	5.3	4.7
West Michigan MSAs								
Benton Harbor	39.3	-6.4	13.51	-0.1	530.94	-6.5	5.4	5.1
Grand Rapids- Muskegon-Holland	40.1	-5.6	15.72	1.5	630.37	-4.2	5.3	4.8
Kalamazoo-Battle Creek	40.2	-3.6	15.14	1.2	608.63	-2.4	5.2	4.4
Other labor market areas								
Ann Arbor	42.7	-4.7	21.09	1.5	900.54	-3.2	3.2	2.8
Detroit	43.1	-6.1	21.44	1.1	924.06	-5.0	5.3	4.7
Flint	41.8	-5.6	24.17	-3.2	1,010.31	-8.6	8.0	6.8
Jackson	40.2	-8.2	14.60	3.5	586.92	-5.0	5.1	5.0
Lansing-E. Lansing	40.9	-3.1	21.40	3.7	876.26	0.6	3.7	3.1
Saginaw-Bay City- Midland	42.5	-6.8	21.83	0.3	927.78	-6.5	4.9	4.9

SOURCE: U.S. Department of Labor and the Michigan Department of Career Development (most recent benchmark).

<sup>a</sup> Preliminary. Earnings include overtime and part-time wages.

<sup>b</sup> Seasonally adjusted rate for the United States was 4.5 percent in July 2001 and 4.9 percent in September 2001. Seasonally adjusted rate for Michigan was 4.6 percent in July 2001 and 5.1 percent in September 2001.

**Table A-2**  
**Benton Harbor MSA**  
(seasonally adjusted)

Measure	2001 Q3	2001 Q2	Percent change Q2 to Q3	2000 Q3	Percent change Q3 to Q3
<b>Employment (by place of work)</b>					
Total employment	74,360	74,890	-0.7	74,020	0.5
Goods-producing	21,490	22,020	-2.4	22,390	-4.0
Construction & mining	2,940	2,880	2.1	2,740	7.3
Manufacturing	18,550	19,140	-3.1	19,650	-5.6
Durable goods	14,520	14,900	-2.6	15,220	-4.6
Nondurable goods	4,030	4,240	-5.0	4,430	-9.0
Private service-producing	43,510	43,620	-0.3	42,470	2.4
Transportation & public utilities	3,560	3,540	0.6	3,390	5.0
Wholesale trade	2,710	2,700	0.4	2,810	-3.6
Retail trade	14,030	13,980	0.4	13,670	2.6
Finance, ins., & real estate	2,480	2,480	0.0	2,380	4.2
Services	20,740	20,910	-0.8	20,230	2.5
Government	9,360	9,250	1.2	9,170	2.1
<b>Unemployment</b>					
Number unemployed	4,570	4,420	3.4	3,460	32.1
Unemployment rate	5.3	5.1	3.9	4.1	29.3
<b>Local indexes</b>					
Leading indicators	8 7	88	-1.1	101	-13.9
Average weekly hours	38.6	38.6	0.0	41.8	-7.7
UI initial claims	374	344	8.7	280	33.6
New dwelling units <sup>a</sup>	471	391	20.2	417	13.0

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company, and employment data from the Michigan Department of Career Development.

NOTE: Categories may not sum to total due to rounding.

<sup>a</sup> Seasonally adjusted annual rates.

**Benton Harbor MSA**  
**Industry Employment Change, Third Quarter to Third Quarter**  
(not seasonally adjusted)

Industry	2001 Q3	2000 Q3	Percent change	Industry	2001 Q3	2000 Q3	Percent change
<b>Goods-producing</b>	21,700	22,567	-3.8	<b>Private service-producing</b>	44,000	42,967	2.4
Primary metals	2,033	2,200	-7.6	Business services	5,033	5,033	0.0
Fabricated metals	1,500	1,600	-6.3	Health services	6,267	6,133	2.2
Industrial machinery	4,200	4,267	-1.6	<b>Government</b>	8,900	8,700	2.3
Food & kindred products	600	600	0.0	Federal	500	533	-6.3
Printing & publishing	1,400	1,500	-6.7	State	500	533	-6.3
Plastics & rubber	1,467	1,767	-17.0	Local	7,900	7,633	3.5
				Local (education)	4,967	4,800	3.5

SOURCE: Michigan Department of Career Development.



**Table A-3**  
**Grand Rapids-Muskegon-Holland MSA**  
 (seasonally adjusted)

Measure	2001 Q3	2001 Q2	Percent change Q2 to Q3	2000 Q3	Percent change Q3 to Q3
<b>Employment (by place of work)</b>					
Total employment	603,080	603,740	-0.1	598,780	0.7
Goods-producing	187,660	190,520	-1.5	193,140	-2.8
Construction & mining	30,120	30,070	0.2	28,060	7.3
Manufacturing	157,540	160,450	-1.8	165,080	-4.6
Durable goods	105,430	107,010	-1.5	110,450	-4.5
Nondurable goods	52,110	53,440	-2.5	54,630	-4.6
Private service-producing	356,980	355,000	0.6	348,640	2.4
Transportation & public utilities	21,390	21,510	-0.6	20,850	2.6
Wholesale trade	42,220	42,150	0.2	40,990	3.0
Retail trade	110,170	110,170	0.0	108,680	1.4
Finance, ins., & real estate	23,320	22,950	1.6	23,030	1.3
Services	159,880	158,220	1.0	155,090	3.1
Government	58,440	58,220	0.4	57,000	2.5
<b>Unemployment</b>					
Number unemployed	30,930	28,720	7.7	20,330	52.1
Unemployment rate	4.8	4.5	6.7	3.3	45.5
<b>Local indexes</b>					
Help-wanted ads	84	86	-2.3	118	-28.8
Leading indicators	101	100	1.0	115	-12.2
Average weekly hours	40.0	40.2	-0.5	42.1	-5.0
UI initial claims	1,460	1,522	-4.1	933	56.5
New dwelling units <sup>a</sup>	7,029	6,136	14.6	5,487	28.1

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company, and employment data from the Michigan Department of Career Development.

NOTE: Categories may not sum to total due to rounding.

<sup>a</sup> Seasonally adjusted annual rates; does not include Allegan County.

**Grand Rapids-Muskegon-Holland MSA**  
**Industry Employment Change by Place of Work, Third Quarter to Third Quarter**  
 (not seasonally adjusted)

Industry	2001 Q3	2000 Q3	Percent change	Industry	2001 Q3	2000 Q3	Percent change
<b>Goods-producing</b>	189,133	194,567	-2.8	Auto dealers & service	11,133	11,000	1.2
Furniture & fixtures	24,400	26,000	-6.2	Eating & drinking places	38,300	37,267	2.8
Primary metals	5,800	6,100	-4.9	Depository institutions	7,400	7,567	-2.2
Fabricated metals	22,700	23,733	-4.4	Business services	43,233	41,200	4.9
Industrial machinery	22,900	23,767	-3.6	Health services	41,500	41,000	1.2
Transportation equipment	10,400	11,100	-6.3	Educational services	9,233	8,700	6.1
Food & kindred products	11,067	10,900	1.5	Social services	10,900	10,833	0.6
Apparel & other textiles	8,033	8,633	-6.9	<b>Government</b>	54,233	52,833	2.6
Printing & publishing	6,933	6,767	2.5	Federal	4,400	4,467	-1.5
Plastics & rubber	10,600	11,867	-10.7	State	6,467	6,300	2.6
<b>Private service-producing</b>	358,167	349,867	2.4	Local	43,367	42,067	3.1
General merchandise store	20,033	19,900	0.7	Local (education)	26,500	25,633	3.4
Food stores	11,667	11,900	-2.0				

SOURCE: Michigan Department of Career Development.

**Table A-4**  
**Kalamazoo-Battle Creek MSA**  
 (seasonally adjusted)

Measure	2001 Q3	2001 Q2	Percent change Q2 to Q3	2000 Q3	Percent change Q3 to Q3
<b>Employment (by place of work)</b>					
Total employment	219,770	219,530	0.1	217,880	0.9
Goods-producing	57,960	58,070	-0.2	58,940	-1.7
Construction & mining	9,330	9,240	1.0	9,120	2.3
Manufacturing	48,640	48,840	-0.4	49,830	-2.4
Durable goods	26,010	26,100	-0.3	26,970	-3.6
Nondurable goods	22,620	22,740	-0.5	22,860	-1.0
Private service-producing	126,420	125,980	0.3	124,170	1.8
Transportation & public utilities	7,700	7,690	0.1	7,530	2.3
Wholesale trade	7,480	7,490	-0.1	7,410	0.9
Retail trade	42,890	42,760	0.3	41,890	2.4
Finance, ins., & real estate	10,170	10,170	0.0	10,010	1.6
Services	58,180	57,880	0.5	57,340	1.5
Government	35,390	35,480	-0.3	34,770	1.8
<b>Unemployment</b>					
Number unemployed	11,170	10,910	2.4	8,710	28.2
Unemployment rate (%)	4.6	4.5	2.2	3.7	24.3
<b>Local indexes</b>					
Help-wanted ads	109	120	-9.2	155	-29.7
Leading indicators	93	93	0.0	104	-10.6
Average weekly hours	40.3	40.3	0.0	41.7	-3.4
UI initial claims	748	749	-0.1	636	17.6
New dwelling units <sup>a</sup>	1,747	1,482	17.9	1,660	5.2

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company, and employment data from the Michigan Department of Career Development.

NOTE: Categories may not sum to total due to rounding.

<sup>a</sup> Seasonally adjusted annual rates; does not include Van Buren County.

**Kalamazoo-Battle Creek MSA**  
**Industry Employment Change by Place of Work, Third Quarter to Third Quarter**  
 (not seasonally adjusted)

Industry	2001 Q3	2000 Q3	Percent change	Industry	2001 Q3	2000 Q3	Percent change
<b>Goods-producing</b>	58,700	59,633	-1.6	<b>Private service-producing</b>	126,900	124,667	1.8
Primary metals	2,000	2,100	-4.8	General merchandise stores	6,733	6,767	-0.5
Fabricated metals	4,233	5,100	-17.0	Auto dealers & service	4,567	4,600	-0.7
Industrial machinery	4,300	4,300	0.0	Eating & drinking places	16,400	15,900	3.1
Food & kindred products	5,967	5,933	0.6	Health services	17,567	17,433	0.8
Paper & allied products	3,533	4,000	-11.7	<b>Government</b>	32,667	32,100	1.8
Printing & publishing	2,733	2,700	1.2	Federal	5,200	5,133	1.3
Chemicals & allied products	7,333	7,100	3.3	State	7,833	7,100	10.3
Plastics & rubber	2,867	2,900	-1.1	Local	19,633	19,867	-1.2

SOURCE: Michigan Department of Career Development.



**Table A-5**  
**Personal Income and Earnings by Industry (current dollars)**

Area	Income distribution	1999	1998	1997	1996	1995	1994	1989
<b>Benton Harbor MSA (Berrien County)</b>	Total personal income (\$ 000)	4,065,196	3,854,705	3,755,061	3,521,496	3,421,153	3,250,568	2,567,880
	Per capita personal income (\$)	25,454	24,117	23,411	21,855	21,178	20,169	15,837
	Earnings per worker (\$)	31,212	29,053	28,988	27,482	27,203	26,550	21,900
	Manufacturing	49,318	46,715	45,975	42,683	41,053	40,701	30,316
	Services <sup>a</sup>	24,458	21,749	22,400	21,531	20,659	19,897	15,949
<b>Grand Rapids- Muskegon-Holland MSA</b>	Total personal income (\$ 000)	29,054,723	27,613,154	26,027,622	24,492,629	23,164,231	21,912,705	16,094,099
	Per capita personal income (\$)	27,616	26,584	25,317	24,122	23,121	22,157	17,361
	Earnings per worker (\$)	33,124	32,266	30,964	30,209	29,422	28,893	23,963
	Manufacturing	47,057	45,818	44,650	43,310	41,939	41,929	33,791
	Services <sup>a</sup>	25,921	24,780	23,665	23,573	23,107	22,276	19,208
Kent County	Total personal income (\$ 000)	16,306,623	15,453,032	14,546,586	13,757,510	13,078,740	12,376,874	9,055,189
	Per capita personal income (\$)	29,628	28,366	26,881	25,650	24,639	23,571	18,269
	Earnings per worker (\$)	34,517	33,493	32,007	31,331	30,562	29,948	24,524
	Manufacturing	49,717	48,360	47,138	45,381	44,258	44,347	35,462
	Services <sup>a</sup>	28,079	26,794	25,129	25,719	25,121	24,137	21,053
Ottawa County	Total personal income (\$ 000)	6,443,450	6,156,849	5,752,256	5,389,121	5,028,361	4,715,845	3,359,509
	Per capita personal income (\$)	27,983	27,314	26,083	25,027	23,943	23,007	18,280
	Earnings per worker (\$)	31,851	31,028	30,086	29,127	27,993	27,401	23,218
	Manufacturing	44,756	43,469	42,221	41,417	38,931	38,398	31,120
	Services <sup>a</sup>	21,399	20,610	21,051	19,318	19,047	18,139	15,725
Muskegon County	Total personal income (\$ 000)	3,692,924	3,507,546	3,363,339	3,148,681	3,003,833	2,889,433	2,295,188
	Per capita personal income (\$)	21,977	21,022	20,271	19,110	18,359	17,725	14,493
	Earnings per worker (\$)	30,508	30,032	28,811	27,796	27,401	27,093	22,773
	Manufacturing	47,532	46,308	44,859	43,435	42,874	42,755	34,434
	Services <sup>a</sup>	24,373	23,504	22,872	21,809	21,462	20,934	17,048
Allegan County	Total personal income (\$ 000)	2,611,726	2,495,727	2,365,441	2,197,317	2,053,297	1,930,553	1,384,213
	Per capita personal income (\$)	25,257	24,545	23,540	22,212	21,078	20,134	15,515
	Earnings per worker (\$)	29,511	29,181	28,225	27,781	27,118	27,068	23,154
	Manufacturing	40,273	39,710	38,855	38,161	37,120	37,408	29,999
	Services <sup>a</sup>	17,492	16,711	15,845	15,134	15,261	16,197	12,920
<b>Kalamazoo-Battle Creek MSA</b>	Total personal income (\$ 000)	11,439,644	11,090,898	10,684,995	10,223,408	9,807,763	9,444,070	7,372,775
	Per capita personal income (\$)	25,583	24,864	24,050	23,072	22,203	21,438	17,244
	Earnings per worker (\$)	32,524	31,866	30,989	30,415	29,415	28,909	24,867
	Manufacturing	54,035	54,740	53,148	52,134	49,446	48,344	38,132
	Services <sup>a</sup>	24,679	23,698	23,096	22,265	21,695	21,225	19,465
Kalamazoo County	Total personal income (\$ 000)	6,507,083	6,320,398	6,045,460	5,872,621	5,600,271	5,350,842	4,205,507
	Per capita personal income (\$)	28,308	27,525	26,345	25,635	24,549	23,542	18,889
	Earnings per worker (\$)	32,482	32,192	31,045	30,794	29,709	29,146	24,937
	Manufacturing	56,373	58,863	56,033	56,162	52,633	51,455	39,499
	Services <sup>a</sup>	25,890	24,821	24,166	23,501	22,818	22,280	21,351
Calhoun County	Total personal income (\$ 000)	3,384,473	3,305,280	3,222,119	3,016,817	2,917,535	2,823,884	2,199,701
	Per capita personal income (\$)	23,939	23,474	23,104	21,721	20,946	20,250	16,239
	Earnings per worker (\$)	33,889	32,685	32,405	31,459	30,313	30,067	26,037
	Manufacturing	55,562	53,847	53,773	51,037	49,101	47,717	38,790
	Services <sup>a</sup>	23,422	22,537	22,051	20,903	20,647	20,336	17,181
Van Buren County	Total personal income (\$ 000)	1,548,088	1,465,220	1,417,416	1,333,970	1,289,957	1,269,344	967,567
	Per capita personal income (\$)	20,392	19,372	18,812	17,754	17,356	17,200	13,930
	Earnings per worker (\$)	28,986	27,671	26,528	25,269	25,095	24,067	20,924
	Manufacturing	37,927	37,441	35,923	33,919	33,616	32,473	25,834
	Services <sup>a</sup>	19,482	18,597	18,115	16,898	15,946	15,342	12,775

SOURCE: Bureau of Economic Analysis.

<sup>a</sup> Services do not include trades, finance, or transportation and public utilities.

**Table A-6**  
**Consumer Price Index<sup>a</sup>**  
**U.S. city average (1982-84 = 100)**

Year	Annual												
	Avg.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
<b>CPI for All Urban Consumers (CPI-U)</b>													
1986	109.6	109.6	109.3	108.8	108.6	108.9	109.5	109.5	109.7	110.2	110.3	110.4	110.5
1987	113.6	111.2	111.6	112.1	112.7	113.1	113.5	113.8	114.4	115.0	115.3	115.4	115.4
1988	118.3	115.7	116.0	116.5	117.1	117.5	118.0	118.5	119.0	119.8	120.2	120.3	120.5
1989	124.0	121.1	121.6	122.3	123.1	123.8	124.1	124.4	124.6	125.0	125.6	125.9	126.1
1990	130.7	127.4	128.0	128.7	128.9	129.2	129.9	130.4	131.6	132.7	133.5	133.8	133.8
1991	136.2	134.6	134.8	135.0	135.2	135.6	136.0	136.2	136.6	137.2	137.4	137.8	137.9
1992	140.3	138.1	138.6	139.3	139.5	139.7	140.2	140.5	140.9	141.3	141.8	142.0	141.9
1993	144.5	142.6	143.1	143.6	144.0	144.2	144.4	144.4	144.8	145.1	145.7	145.8	145.8
1994	148.2	146.2	146.7	147.2	147.4	147.5	148.0	148.4	149.0	149.4	149.5	149.7	149.7
1995	152.4	150.3	150.9	151.4	151.9	152.2	152.5	152.5	152.9	153.2	153.7	153.6	153.5
1996	156.9	154.4	154.9	155.7	156.3	156.6	156.7	157.0	157.3	157.8	158.3	158.6	158.6
1997	160.5	159.1	159.6	160.0	160.2	160.1	160.3	160.5	160.8	161.2	161.6	161.5	161.3
1998	163.0	161.6	161.9	162.2	162.5	162.8	163.0	163.2	163.4	163.6	164.0	164.0	163.9
1999	166.6	164.3	164.5	165.0	166.2	166.2	166.2	166.7	167.1	167.9	168.2	168.3	168.3
2000	172.2	168.8	169.8	171.2	171.3	171.5	172.4	172.8	172.8	173.7	174.0	174.1	174.0
2001		175.1	175.8	176.2	176.9	177.7	178.0	177.5	177.5	178.3			
<b>CPI for Urban Wage Earners and Clerical Workers (CPI-W)</b>													
1986	108.6	108.9	108.5	107.9	107.6	107.9	108.4	108.4	108.6	109.1	109.1	109.2	109.3
1987	112.5	110.0	110.5	111.0	111.6	111.9	112.4	112.7	113.3	113.8	114.1	114.3	114.2
1988	117.0	114.5	114.7	115.2	115.7	116.2	116.7	117.2	117.7	118.5	118.9	119.0	119.2
1989	122.6	119.7	120.2	120.8	121.8	122.5	122.8	123.2	123.2	123.6	124.2	124.4	124.6
1990	129.0	125.9	126.4	127.1	127.3	127.5	128.3	128.7	129.9	131.1	131.9	132.2	132.2
1991	134.3	132.8	132.8	133.0	133.3	133.8	134.1	134.3	134.6	135.2	135.4	135.8	135.9
1992	138.2	136.0	136.4	137.0	137.3	137.6	138.1	138.4	138.8	139.1	139.6	139.8	139.8
1993	142.1	140.3	140.7	141.1	141.6	141.9	142.0	142.1	142.4	142.6	143.3	143.4	143.3
1994	145.6	143.6	144.0	144.4	144.7	144.9	145.4	145.8	146.5	146.9	147.0	147.3	147.2
1995	149.8	147.8	148.3	148.7	149.3	149.6	149.9	149.9	150.2	150.6	151.0	150.9	150.9
1996	154.1	151.7	152.2	152.9	153.6	154.0	154.1	154.3	154.5	155.1	155.5	155.9	155.9
1997	157.6	156.3	156.8	157.0	157.2	157.2	157.4	157.5	157.8	158.3	158.5	158.5	158.2
1998	159.7	158.4	158.5	158.7	159.1	159.5	159.7	159.8	160.0	160.2	160.6	160.7	160.7
1999	163.2	161.0	161.1	161.4	162.7	162.8	162.8	163.3	163.8	164.7	165.0	165.1	165.1
2000	168.9	165.6	166.5	167.9	168.0	168.2	169.2	169.4	169.3	170.4	170.6	170.9	170.7
2001		171.7	172.4	172.6	173.5	174.4	174.6	173.8	173.8	174.8			

SOURCE: Bureau of Labor Statistics, U.S. Department of Labor.

<sup>a</sup> Monthly data shown above are not adjusted for seasonal variations. Unadjusted CPI data are used extensively for escalation purposes. Although the CPI is often called the "Cost-of-Living Index," it measures only price change, which is just one of several important factors affecting living costs. All CPI series are linked historically to the original CPI Index for Urban Wage Earners and Clerical Workers. These series contain no revision but are reprinted for the convenience of the user.

PERCENT CHANGE: Values of these indexes from one time period to another are usually expressed as percent changes rather than changes in index points. Index-point changes are affected by the level of the index in relation to its base period, while percent changes are not. For example:

$$\frac{100 \times (160.5 \text{ (1997 annual avg.)} - 156.9 \text{ (1996 annual avg.)})}{156.9 \text{ (1996 annual avg.)}} = 2.3\% \text{ change 1996 to 1997, CPI-U.}$$

$$\frac{100 \times (164.0 \text{ (November 1998)} - 161.5 \text{ (November 1997)})}{161.5 \text{ (November 1997)}} = 1.5\% \text{ change November 1997 to November 1998, CPI-U.}$$

$$\frac{100 \times (164.0 \text{ (November 1998)} - 164.0 \text{ (October 1998)})}{164.0 \text{ (October 1998)}} = \text{No change, CPI-U.}$$



**Table A-7**  
**Population Update for Selected Areas**

Area	2000	1990	1980	Annual change (%)	
				1990-2000	1980-1990
<b>Michigan</b>	9,938,444	9,295,297	9,262,044	0.7	0.0
<b>West Michigan metropolitan areas</b>					
Benton Harbor MSA (Berrien County)	162,453	161,378	171,276	0.1	-0.6
Benton Harbor	11,182	12,818	14,707	-1.4	-1.4
Niles (part)	12,199	12,456	13,115	-0.2	-0.5
St. Joseph	8,789	9,214	9,622	-0.5	-0.4
Grand Rapids-Muskegon-Holland MSA	1,088,514	937,891	840,824	1.5	1.1
Kent County	574,335	500,631	444,506	1.4	1.2
Grand Rapids	197,800	189,126	181,843	0.4	0.4
Kentwood	45,255	37,826	30,438	1.8	2.2
Walker	21,842	17,279	15,088	2.4	1.4
Wyoming	69,368	63,891	59,616	0.8	0.7
Ottawa County	238,314	187,768	157,174	2.4	1.8
Grand Haven	11,168	11,951	11,763	-0.7	0.2
Holland <sup>a</sup>	35,048	30,745	26,281	1.3	1.6
Muskegon County	170,200	158,983	157,589	0.7	0.1
Muskegon	40,105	40,283	40,823	0.0	-0.1
Muskegon Heights	17,737	13,176	14,611	3.0	-1.0
Norton Shores	22,527	21,755	22,025	0.3	-0.1
Allegan County	105,665	90,509	81,555	1.6	1.0
Kalamazoo-Battle Creek MSA	452,851	429,453	420,749	0.5	0.2
Kalamazoo County	238,603	223,411	212,378	0.7	0.5
Kalamazoo	77,145	80,277	79,722	-0.4	0.1
Portage	44,897	41,042	38,157	0.9	0.7
Calhoun County	137,985	135,982	141,557	0.1	-0.4
Battle Creek <sup>b</sup>	53,364	53,540	56,339	0.0	-0.5
Marshall	7,459	6,891	7,201	0.8	-0.4
Van Buren County	76,263	70,060	66,814	0.9	0.5
<b>Total</b>	<b>1,703,818</b>	<b>1,528,722</b>	<b>1,432,849</b>	<b>1.1</b>	<b>0.6</b>
<b>Rural Southwest Michigan</b>					
Barry County	56,755	50,057	45,781	1.3	0.9
Branch County	45,787	41,502	40,188	1.0	0.3
Cass County	51,104	49,477	49,499	0.3	0.0
Newaygo County	47,874	38,202	34,917	2.3	0.9
Oceana County	26,873	22,454	22,002	1.8	0.2
St. Joseph County	62,422	58,913	56,083	0.6	0.5
<b>Total</b>	<b>290,815</b>	<b>260,605</b>	<b>248,470</b>	<b>1.1</b>	<b>0.5</b>

SOURCE: State of Michigan Department of Management and Budget and U.S. Bureau of the Census.

<sup>a</sup> Population for Holland city is total population of city located in Ottawa and Allegan counties.

<sup>b</sup> For comparison purposes, 1980 population for Battle Creek city is the combination of Battle Creek city (35,724) and Battle Creek township (20,615), which was annexed in 1983.

**Subscriptions to**  
***BUSINESS OUTLOOK***

\$25 for one year (four quarterly issues)

\$40 for a two-year subscription

To subscribe call (616) 343-5541 or write

W.E. Upjohn Institute  
300 S. Westnedge Avenue  
Kalamazoo, MI 49007-4686

See the west Michigan regional  
data base at our Web site  
**[www.upjohninst.org](http://www.upjohninst.org)**



W.E. UPJOHN INSTITUTE  
for Employment Research  
300 S. Westnedge Avenue  
Kalamazoo, MI 49007-4686

Nonprofit Org.  
U.S. POSTAGE  
PAID  
Kalamazoo MI  
Permit No. 756